

High staff turnover: What are the causes?

Author: Fadzai Danha . February 2021

What is staff turnover?

Today's business world is faced with heightening competition, in a dynamic environment where the only constant is the employee. Organizations have a constant need to continue developing tangible products and provide services that are based on [employee retention strategies](#) created by these employees. The [value of these employees](#) to the organization is essentially intangible and not easily replicated. This is why Chan et al. (2010) also state that [employee turnover](#) is a serious issue that needs [management](#) and monitoring.

[Employee turnover](#) is the rotation of workers around the labor market; between firms, jobs, and occupations; and between the states of employment and unemployment. The term "[turnover](#)" is defined as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period.

Frequently, managers refer to turnover as the entire process associated with a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover (Woods, 1995). Put, [staff turnover](#) is the number of employees that leave your business in a set amount of time. If you have high staff turnover, many employees leave your business in a given amount of time. Low staff turnover means that your workforce is comparatively stable and that employees in your business tend to stick around.

Types of staff turnover



There are 2 types of turnover, [voluntary and involuntary turnover](#) which can either be avoidable or unavoidable. When employees quit the job from an organization, it is stated as voluntary turnover. It is set off by the decision of the employee, indicating “An instance of voluntary turnover, or a quit, reflects an employee’s decision to leave an organization, whereas an example of involuntary turnover, or a discharge, reflects an employer’s decision to terminate the employment relationship”. Voluntary turnover can be affected by not having [job satisfaction](#), [job stress](#), as well as due to getting a better job at another organization, a conflict with a manager, or personal matter such as staying home and giving enough time to the family member (Manu and Shay, 2004).

Chiu and Francesco (2003) define involuntary turnover as “... an instance of involuntary turnover, or a discharge” that “reflects an employer’s decision to terminate the employment relationship”. Involuntary turnover includes [retirement](#), death, and dismissal. Employee turnover is regarded as involuntary when leaving the job to take care of a seriously sick family member or to accompany a spouse to a remote area. Therefore, employees have no control over and decide to [quit the job](#) (Martin and Martin, 2003).

Avoidable turnover has been described as the one organization can prevent through [recruiting](#), assessing, and [motivating employees](#) more efficiently and effectively. Any business organization requires verifying whether voluntary turnover has been dealt with properly. Chiu et al. (2002) have stated that “Unavoidable turnover results from life decisions that extend beyond an employer’s control, such as a decision to move to a new area or a job transfer for a spouse”. However, almost 80% of turnover is due to [recruiting mistakes](#), several of these mistakes can be avoided.

Understanding why and how turnover should be assessed



Staff turnover is not always necessarily a bad thing. If the high turnover is the consequence of **poor performers** leaving a company, it can be a **good** thing. On the other hand, if **top performers** are leaving, this can be **detrimental** for a company. This is why it is hard to say what is a **healthy** turnover rate, it depends on a **company** and its specific **situation**. Thus, average employee turnover should **always be evaluated contextually**.

The employee turnover rate is **calculated** by dividing the **number of employees who left** the company by the **average number of employees** in a certain period of time. This number is then **multiplied by 100** to get a percentage. The **average number of employees** is calculated by **adding** the number of employees the company was employing at the **beginning** of a certain period and the number of employees the company was employing at the **end** of a certain period, and **dividing** the result by 2.



Reasons for high staff turnover

- **Lack of Growth and Progression** - If an employee feels trapped in a [dead-end position](#), they are likely to look towards different companies for the chance to improve their status and income.
- **Being Overworked** - Asking workers to choose between their work life and personal life will never end well. Instead, it will contribute to a higher turnover, as employees grow frustrated. It is imperative to maintain a good work-life balance. **Related:** [Work-life Balance Quiz](#)
- **Lack of Feedback and Recognition** - If you avoid giving [feedback](#), you might be pushing your employees away. Ignoring the opportunity for feedback, or providing unhelpful feedback, will leave your employee to flounder, become disheartened, struggle and, eventually, give up.
- **Little Opportunity for Decision-Making** - Stifled, over-managed employees, are likely to grow frustrated with the lack of freedom, which contributes to high turnover.
- **Poor Employee Selection** - Finding the perfect employee is difficult, but forcing a match with an employee that is not right for the company culture or values will never end well.
- **Your competitors are offering more** - “More” doesn’t necessarily have to mean overtly financial through salaries, although it can. It can also refer to more flexible schedules, more benefits, and more of just about everything else.
- **Poor management** - Full-time employees spend the majority of their day at work. Overall, people give just over 13 years of their life to the office. “Poor management” can mean a lot of things, from illegal activities (such as sexual harassment) to maddening issues—like lack of recognition, constant conflicts, or [micromanagement](#)—that have people leaving within the first months of stepping foot in the office.
- **Toxic culture** - This involves the type of corporate culture that sabotages morale, scares away new talent, and actively drives away its best people. That company might have the best possible people for the job, but those people will leave as soon as they connect their increasing stress levels, tanking physical and mental health, and eroding motivation with their [toxic culture](#).
- **Lack of purpose or meaning** - Working with a shared purpose can increase motivation and performance, not to mention create more cohesive teams.

The effects of high staff turnover

The following areas also suffer negative impacts when there's a high rate of employee turnover in an organisation:

- **Financial aspects** - High turnover can bring devastation to the business in the form of both direct and indirect costs. Direct costs are referred to as costs such as expenses for recruitment, selection, orientation, workshop, and training for fresh employees. Indirect costs are indicated as spending on education, condensed self-confidence, stress on the existing worker, and the collapse of social capital.
- **Overall business performance** - When good employees quit and less experienced workers are retained, the quality of business solutions and service provided to customers decreases, as customers tend to get attached to certain employees in the organization. Once the customer relationship is compromised, overall business conditions might be put at risk as well.
- **Daily task management** - Apart from quality issues, employee turnover also affects the quantity of work finished. The Encyclopedia of Business asserts that it may be a struggle for teams where employee turnover is high to complete their daily tasks or functions, especially when there is no proper coordination or exchange of information between former employees and current ones.
- **Company image** - A high turnover rate can result in a negative reputation for companies as potential employees may find it alarming that people are choosing to leave the organization.
- **Team dynamics** - Frequent changes in employee line-up can have serious consequences on a team's ability to establish rapport among its members. It can be extremely difficult and might take a long time for teams to adjust to the work habits of a new employee who has been hired to replace someone, especially if it's an outsider that's brought into the organization.
- **Productivity and continuity** - The new employee has to go through a period of adjustment in the workplace, which means tasks may take longer to finish as far as the new hire is concerned. Consequently, there might also be delays within teams that are relying on their newbie members to help them get things done.

Strategies on how to minimize employee turnover

Businesses confronted with problems of [employee turnover have several policy options](#) such as changing (or improving existing) policies towards recruitment, selection, induction, training, job design, and wage payment. However, the solutions are not one size fits all. Organizations must introduce solutions that are appropriate to the precise diagnosis of the problem.

Employee turnover attributable to poor selection procedures, for example, is unlikely to improve were the policy modification to focus exclusively on the induction process. Equally, employee turnover attributable to wage rates which produce earnings that are not competitive with other firms in the local labour market is unlikely to decrease were the policy adjustment merely to enhance the organization's provision of on-the-job training opportunities. Management always aims to identify the reasons why people leave the organization's so that the right action is taken by the management.

Research has shown that the following categories of human capital management factors provide a core set of measures that can be used to increase the effectiveness of people investment and improve overall corporate performance of business thus decreasing turnover:

- **Employee engagement**, the organization's capacity to engage, retain, and optimize the value of its employees hinges on how well jobs are designed, how employees' time is used, and the commitment and support that is shown to employees by the management would motivate employees to stay in organization's. Measuring [employee engagement](#) regularly will help to see which areas need more focus to reduce turnover.
- **Knowledge accessibility**, the extent of the organisation's "collaborativeness" and its capacity to bring knowledge and ideas widely available to employees, would make employees stay in the organisation. This accessibility of information would lead to strong performance from the employees and creating a strong corporate culture Meaghan et al. (2002). Therefore; information accessibility would make employees feel that they are appreciated for their effort and chances of leaving the organisation are minimal.
- **Workforce optimization**, the organisation's success in optimizing the performance of the employees by establishing essential processes for getting work done, providing good working conditions, establishing accountability and making good hiring choices would retain employees in their organisation. The importance of gaining a better understanding of the factors related to recruitment, motivation and retention of employees is further underscored by rising personnel costs and high rates of employee turnover (Badawy, 1988; Basta and Johnson, 1989; Garden, 1989; Parden, 1981; Sherman, 1986). With increased competitiveness on globalization, managers in many organizations are experiencing greater pressure from top management to improve recruitment, selection, training, and retention of good employees and in the long run, would encourage employees to stay in organisations.
- **Job involvement** describes an individual's ego involvement with work and indicates the extent to which an individual identifies psychologically with his/her job (Kanungo, 1982). Involvement in terms of internalizing values about the goodness or the importance of work made employees not to quit their jobs and these involvements are related to task characteristics. Workers who have a greater variety of tasks tend to stay on the job.
- **Task characteristics** are potential determinants of turnover among employees (Couger, 1988; Couger and Kawasaki, 1980; Garden, 1989; Goldstein and Rockart, 1984). These include the five core job characteristics identified by Hackman and Oldham (1975, 1980): skill variety, task identity, task significance, job autonomy and job feedback (Tor et al., 1997).
- **Involvement** would influence job satisfaction and increase the organizational commitment of the employees. Employees who are more involved in their jobs are more satisfied with their jobs and more committed to their organization (Blau and Boal, 1989; Brooke and Price, 1989; Brooke et al., 1988; Kanungo, 1982).
- **Organisational commitment** is an effective response to the whole organisation and the degree of attachment or loyalty employees feel towards the organisation. Job involvement represents the extent to which employees are absorbed or preoccupied with their jobs and the extent to which an individual identifies with his/her job (Brooke et al., 1988). The degree of commitment and loyalty can be achieved if management they enrich the jobs, and empower and compensate employees properly.

- **Good management**, managers act as coaches and help employees solve problems. Superiors empowering subordinates by delegating responsibilities to them leads to subordinates who are more satisfied with their leaders and consider them to be fair and in turn to perform up to the superior's expectations (Keller and Dansereau, 1995). All these make employees to be committed to the organization and chances of quitting are minimal.

Facts and Figures about staff turnover

- Between 60-70% of all employee turnover is voluntary. (media center)
- Harvard Business Review says 80% of employee turnover is due to bad hiring decisions, and that those decisions can cost more than five times the annual salary of the bad hire.
- Not counting layoffs or any other types of involuntary termination, data from the US Bureau of Labor Statistics shows that three and a half million employees have left their job voluntarily every month since January 2019.
- BambooHR surveyed over 1,000 currently employed Americans and found that nearly a third of them have left a job before crossing the half-year mark.
- A Willis Towers Watson study showed that More than 50% of all organizations globally have difficulty retaining some of their most valued employee groups.
- The cost to replace a highly-trained employee can exceed 200% of their annual salary. (BambooHR)
- Collaborative research from Owl Labs found that Companies that support remote work have 25% lower employee turnover than companies that don't.
- Research by Glassdoor states that 35% of employees are so unsatisfied with their salary that they're willing to start a job search over it.
- According to research by Kronos, 87% of HR leaders are aware of the importance of
- 46% of high-retention-risk employees used apps to find new jobs in the past month vs. 13% in low-risk groups.
- More than 70% of high-retention-risk employees say they'll have to leave their organization to advance their career.
- According to [Willis Towers Watson](#), nearly three-quarters of employees who fall into the "high-retention-risk" category are itching to leave because they have nowhere else to go on their current organization's career ladder.
- 35% of employees said they'd look for a new job if they did not receive a pay raise in the next year.
- [Research by Glassdoor states](#) that 35% of employees are so unsatisfied with their salary that they're willing to start a job search over it.
- [Another Gallup poll found](#) that a pay bump of 20% (or less, in many cases) is all it would take for almost half of the respondents to job hop.
- Among actively-disengaged employees, as many as 54% of respondents would leave their current positions for a salary increase of 20% or less. Among engaged employees, the number was dramatically reduced to 37%.

Conclusion

Understanding why employees leave is important, but so is understanding why they stay. High employee turnover can have a severe impact on your business, both financially and emotionally. Steps should constantly be taken to recognize possible causes of turnover, measure your turnover rate, determine turnover costs, and then address your drivers of employee turnover.

Fadzai Danha is a consultant at Industrial Psychology Consultants (Pvt) Ltd a management and human resources consulting firm. Phone +263 4 481946-48/481950 or email: fadzai@ipccconsultants.com or visit our website at www.ipccconsultants.com

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