

## EFFECTS OF EMPLOYEE TURN OVER ON ORGANIZATION PERFORMANCE

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### **Abstract**

*A high turnover rate results in compromised quality, increased recruitment and training expenses, and safety standards. The retention of strategies is vital to counteract these effects and foster organizational performance. This study emphasizes the significance of investing in employee development and creating a positive work environment to reduce turnover rates and enhance competitiveness. Retention is more likely to achieve business success and ensure safety. Statistical analysis supports the notion that employee turnover serves as a reliable indicator of organizational performance. By employing statistical tools, identify the correlation between key performance indicators and turnover rates. The policymakers to develop targeted strategies for employee retention and organizational performance. Productivity decreases when new employees need to be trained, and their presence disrupts the workflow and efficiency of the team. It develops effective retention strategies, boost productivity, and maintain a competitive edge. This research aims to investigate the reasons behind employee turnover and its suggesting strategies to minimize it and enhance overall performance.*

**Keywords: Employee, Organization Performance, Retention, Productivity, Turnover.**

### **Introduction**

Employee turn over can have substantial impacts on organizational performance, such as decreased productivity, diminished morale, and higher expenses associated with recruitment and training. In the highly lookout for strategies for performance and stay ahead of the competition. Unfortunately, employee turn over can under mine these efforts, resulting in decreased efficiency, reduced quality, and lower customer satisfaction. Despite the importance of understanding employee turnover, there is a scarcity of research specifically focused on the steel industry, emphasizing the necessity of conducting thorough study to examine the impact of employee turn over on organizational performance and develop effective strategies to minimize its adverse effects. The business landscape, organizations must comprehend the reasons behind employee turnover and its impact on their success.

### **Need and Objective**

This study was investigated the significant impact that employee turnover can have on an organization's success and competitiveness. With the increasing rates of employee turnover globally, businesses are facing substantial financial burdens, reduced productivity, and diminished customer satisfaction. Understanding the underlying causes of employee turnover and its consequences on organizational performance is crucial for companies to develop effective retention strategies, boost productivity.

### **The Objective of The Study**

1. Identify the correlation between employee turnover and the overall performance of an organization.
2. Analyze the causes of employee turnover.
3. Provide recommendations for strategies to reduce employee turnover and improve organizational performance.

## Review of Literature

1. (Peter Blau,1964) The Social Exchange Theory, developed by Peter Blau in 1964, is a framework that explains human behaviour in terms of the exchange of resources, rewards, and costs. In the context of employee turnover, the theory suggests that employees will leave their current costs of staying.
2. (Locke, 1976) The employee turnover is influenced by an individual's level of job satisfaction, which is comprised of several components, including pay, promotion, and working conditions. The level of job satisfaction, which is comprised of several components, including pay, promotion.
3. (Mobley,1982) This model proposes that employee turnover is the result of a series of cognitive and behavioural processes, including job dissatisfaction, intention to leave, and actual turnover. The process of employee turnover as a series of cognitive and behavior processes, which begins with an individual's satisfaction.
4. (Price & Mueller,1986) Push factors are those that drive employees away from their current organization, such as job dissatisfaction, poor working conditions, or lack of opportunities for growth and development. Pull factors, on the other hand, are those that attract employees to alternative organizations, such as better job.
5. Ajzen, 1991) The proposes that an individual's planned behaviour is influenced by their intentions, which are shaped perceived behavioural control. Attitudes refer to an behaviour.
6. (Teresa Amabile,1993) The Motivational Synergy-Toward New Conceptualizations of Intrinsic and Extrinsic Motivation, impact of employee turnover. While not directly addressing turnover, Amabile's work on opinions and expectations of others.
7. (Mark Huselid 1995) Huselid found that organizations with high-performance work practices, such as employee empowerment and training, had lower turnover rates and higher productivity. The model proposes that organizations can improve performance by implementing high-performance work practices, such as employee empowerment, training, and performance-based rewards.
8. (Petty 2000) The model suggests that turnover can lead to a loss of skilled employees, disrupt operations, and decrease productivity and financial performance. However, the model also acknowledges that contextual factors, such as industry and organizational size, can influence the relationship between turnover and performance.
9. (Mitchell et al.,2001) The Job Embeddedness model employee turnover is influenced by an individual's job embeddedness, which is comprised of three components: links, fit, and sacrifice. It refers to the connections an individual has with their organization, such as relationships with colleagues supervisors.
10. Cascio (2006) Managing Human Resources and Productivity, Quality of Work Life, Profits," explored the relationship between employee turnover and organizational performance. Cascio's research found that employee turnover can have a significant impact on organizational performance, including productivity, quality of work life, and financial performance.
11. The literature on employee turnover and its effects on organizational performance is vast and diverse, spanning multiple disciplines and fields of study. This review aims to synthesize the existing literature, highlighting the key findings, theories, and frameworks that inform our understanding of the complex relationships between employee turnover and organizational performance.

**Research Methodology:** The primary data were collected by using closed-ended questionnaire. The secondary data which is needed for my study was collected from diverse sources, includes company database and documents, magazines, journals, etc. The research methodology for studying the effects of employee turnover on organization performance. A mixed-methods approach can provide a more comprehensive understanding of the effect of employee turnover on organizational performance.

## Respondents

Total number of respondents is 250. These respondents are included in various department such as marketing, logistics, production etc. These people are categories of regular and temporary basis. The conclusions are conducting an survey for 250 employees working in the organization.

**Statistical Analysis:** The objectives of the study were fulfilled with statistical tools such as chi-square tests, Correlation, Anova. (ANOVA) is used to determine whether there are any statistically differences between the two or more independent (unrelated) groups. Pearson, Spearman, Kendall rank. These are three common correlation methods that measure the relationship between variables.

## Results And Discussion

1. The 28.0% of the respondents are at the age group of 18-25 years, 14.4% of the respondents are 25-30 years, 11.2% of the respondents are 30 – 35 years, 36.0% of the respondents are 35 – 40 years age, 10.4% of the respondents are above 40+ years. Hence, it interprets that majority of the respondents are from 35 – 40 years age group.
2. The 52.4% of the respondents are Male, 47.6% of the respondents are Female employees. Hence, it interprets that majority of the respondents are Male while compared to Female employees.
3. 13.2% of the respondent's income is Below 10,000, 36.0% of the respondent's income is 10,000 to 25,000, 21.2% of the respondent's
4. income is 25,000 to 35,000, 23.2% of the respondent's income is 35,000 to 45,000, 6.4% of the respondent's income is Above 45,000. Hence, it interprets that majority of the respondent's income is 10,000 to 25,000.
5. 15.2% of the respondents are 0-5 years of experience in work, 13.2% of the respondents are 6–10 years, 40.8% of the respondents are 11-15 years, 12.0% of the respondents are 16-20 Years, 18.8% of the respondents are more than 20 years. Hence, it interprets that majority of the respondents are 11–15 years experienced employees.
6. Anov at able shows that the F-value is 14.492 which is significantly larger than the typical value 0.05 and the p- value 0.000 is less than 0.05, providing strong evidence against the null hypothesis. There is a significant difference between job satisfaction and age group.
7. 20.4% of respondents are Production, 29.2% of respondents are Maintenance, 12.0% of the respondents are Quality Control, 17.6% of the respondents are Management, 20.8% of the respondents are Others. Hence, it interprets that majority of the respondents are Maintenance. (Table no.1 Role in the organization respondents)
8. The respondents on Worker's count, 7.6% of respondents are 100-200, 23.6% of respondents are 200-300, 24.4% of the respondents are 300-400, 12.0% of the respondents are 400-500, 32.4% of the respondents are more than 500. Hence, it interprets that majority of the respondents are 400-500.
9. The respondents on Employee turnover affect productivity, 16.8% of respondents are Decreases, 25.6% of respondents are Increase, 24.4% of the respondents are No Impact, 14.8% of the respondents are Slight decrease, 18.4% of the respondents are Slight Increase. Hence, it interprets that majority of the respondents are Increase.
10. The respondent's On most significant cost, 19.6% of respondents are Recruitment, 26.0% of respondents are Training cost, 17.6% of the respondents are low productivity, 12.8% of the respondents are Equipment down time, 24.0% of the respondents are Others. Hence, it interprets that majority of the respondents are Training cost.
11. The respondents on Primary reasons for employee turnover, 21.2% of respondents are Job stress, 27.6% of respondents are lack of career development, 17.6% of the respondents are Poor work life

balance, 14.0% of the respondents are Inadequate Compensation, 19.6% of the respondents are Others. Hence, it interprets that majority of the respondents are Lack of career develop.

	Frequency	Percent	Valid percent	Cumulative percent
Production	51	20.4	20.4	20.4
Maintenance	73	29.2	29.2	49.6
Quality control	30	12.0	12.0	61.6
Management	44	17.6	17.6	79.2
Others	52	20.8	20.8	100.0
Total	250	100.0	100.0	

Table.1.1 Role in the organization Respondents.

1. The respondent on Physical work environment affect employees, 20.4% of respondents are Very difficult, 29.2% of respondents are Some what difficult, 12.0% of the respondents are Neutral, 17.6% of the respondents are Some what easy, 20.8% of the respondents are Very easy. Hence, it interprets that majority of the respondents are Some what difficult.
2. The respondents on Strategy has your industry implemented to reduce employee turnover ,20.4% of respondents are Competitive benefits, 29.2% of respondents are Career development, 12.0% of the respondents are Recognition and rewards, 17.6% of the respondents are Improved work life, 20.8% of the respondents are Others. Hence, it interprets that majority of the respondents are Career development.

	Sum of squares	Df	Mean Square	F	Sig.
Between groups	11.931	4	2.983	14.492	.000
Within Groups	50.425	245	.206		
Total	62.356	249			

Table.3. Anova Between The Respondent's Views On Are You Satisfied With Your Job?

	cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Are you satisfied with your job? *Gender	250	100.0%	0	0.0%	250	100.0%

**Table.4. Chi-Square Between The Respondent’s Views On Are You Satisfied With Your Job Through Gender.**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
					18-25	70		
25-30	36	1.25	.439	.073	1.10	1.40	1	2
30-35	28	1.21	.418	.079	1.05	1.38	1	2
35-40	90	1.76	.432	.046	1.67	1.85	1	2
40+	26	1.31	.471	.092	1.12	1.50	1	2
Total	250	1.48	.500	.032	1.41	1.54	1	2

**Table.6. Correlations**

	Employee Turnover Incritical Role	Employee Turnover Affect Productivity
Pearson		
Correlation	1	.800**
Employee turnover in Critical role		.000
Sig.(2-tailed) N	250	250
Pearson	.	
Correlation	.800**	1
Employee turnover Affect Sig.(2-tailed)	.000	
Productivity N	250	250

1. The respondents On Ability to achieve goals,15.2% of respondents are Very difficult, 27.2% of respondents are Some what difficult, 27.6% of the respondents are Neutral, 9.6% of the respondents are Some what easy, 20.4% of the respondents are Very easy.Hence, it interprets that majority of the respondents are Neutral.
2. The respondents On Moral affectin organization,16.8% of respondents areVery difficult, 35.2% of respondents are Some what difficult,19.6% of the respondents are Neutral, 4.8% of the respondents are Some what easy, 23.6% of the respondents are Very easy. Hence, it interprets that majority of the respondents are Some what difficult.
3. The respondents On Affect innovation,16.4% of respondents are Very difficult, 25.2% of respondents are Some what difficult, 24.4% of the respondents are Neutral,10.4% of the respondents are Some what easy, 23.6% of the respondents are Very easy.Hence,it interprets that majority of the respondents are Some what difficult.

**Result:** Anova tables hows that the F-value is 14.492 which is significantly larger than the typical value 0.05 and the p-value 0.000 is less than 0.05, providing strong evidence against the null hypothesis. There is a significant difference between job satisfactions amongthe different age group.

**H0 (Null hypothesis):** There is no significantrelaton between the two categorical variables form an being compared could be valid, which we can verify through experimentation later.

### Hypothesis is H0 (Null hypothesis)

1. There is no significant Correlation between the two variables.
2. **H1 (Alternative hypothesis):** There is a significant correlation between two variables.
3. The interpretation is the Pearson correlation ( $r$ ) is 0.800. Thus, the  $p$  value 0.000 is significantly less than.
4. The typical value 0.05. This means that there is a strong relationship between the two variables. Hence, the alternative hypothesis is accepted where as the null hypothesis is rejected.
5. H1 (Alternative hypothesis): There is a significant Relation between gender and job Satisfaction. Result Chi square test = 250.000 Degree of freedom = 1,  $P$  value = 0.000.

**Interpretation:** The above table chi square table shows that the chi square value is 250.000 at the degree of freedom is 1 and significant value 0.000, which is above criteria 0.05. There is no significant relation between the two. Hence, the null Hypothesis is accepted variable.

Where as alternative hypothesis is rejected, test is used to determine if the null hypothesis can be rejected or not based on the statistical significance of the parameters. The choice is determined by comparing the anova test statistic with the critical value. A hypothesis is a tentative assumption that a specific condition or statement.

### Conclusion

In conclusion, the effects of employee turnover on organization performance multifaceted impacts of effecting various aspects such as productivity, competitiveness, quality. It can lead to substantial direct and decreased moral. To mitigate the effects of organizations. Prioritize a retention strategy. It invests in the employee development and positive work environment.

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