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ANTECEDENTS AND CONSEQUENCES EMPLOYEE ATTRITION: A REVIEW OF LITERATURE

NEGASSA SEMU BACHA

PhD candidate, Punjabi University, Patiala, Punjab

Abstract

In a today's competitive and turbulent environment, human resources are the most vital asset for any kind of organization. For those organizations, employers, it is very important to monitor the volume of employees who leave the organization and how this factor influences the organization both positively and negatively. Different scholars have conducted studies dealing about what makes employees leave their organizations and what costs would the organizations incur due to high level of turnover. But, none/few of them dealt about employee attrition's potential benefits. This term paper shed some light on the literature and identifies the antecedents of intention to leave and consequences of employees' turnover. The paper proposes two theoretical frameworks that show the variables that explain the phenomenon of turnover intention and consequences of employee turnover.

Key words: Antecedents, Direct costs, Indirect costs, Employee attrition (turnover)

INTRODUCTION

Employees are the most important assets and building blocks of any organization. Currently, retaining employees is becoming the major challenge for different organizations and they are incurring a lot of costs in this regard. Thus, if employers don't want to incur huge amount of costs, they must create an encouraging environment for their employees so that they can retain their precious manpower. For employing organization or enterprises, it is very imperative to monitor the volume of employees who quit their job and how this factor affects the organization. According to Hutchison and Purcell (2003), the impact of employee attrition depends upon the size of the organization, its location and special teams of employees, and the like that can help to develop a best fitting strategy of sources.

There are advantages and disadvantages for employee attrition (turnover). Replacement of disengaged and inefficient employees, increased mobility and morale, reduction of entrenched conflict, innovation and adaptation, shaping up or setting the culture right, improved performance via reducing the negative effect of people are few of the advantages of employee attrition.

On the other hand, two kinds of costs can be incurred by any organization as a result of labor turnover. Direct or explicit costs include enrollment or recruitment and selection costs and training and development costs and as well as indirect or hidden costs like low morale, reduce enterprise standing, harm position chain, loss of opportunity, etc.

In a broad terms, employee attrition (turnover) is grouped into two kinds including voluntary (intentional) turnover and involuntary (unintentional) turnover. When we say voluntary attrition it refers to decision mainly made by workers (employees) leaving the company, including all resignation forms and involuntary or unintentional turnover refers to the decision of turnover mainly made by the organization, including fire, dismiss and other forms. For managers of different organizations, involuntary turnover can be forecasted and controlled, but voluntary turnover cannot be predicted in advance. The influence of different types of employee attrition for enterprises is different, but too much voluntary attrition is adverse to organization and that is why a number of scholars pay more attention to voluntary turnover.

Out of three main factors of employee attrition, personal, organization and work and social and economic, the second factor organization and work factor can further be grouped into two; avoidable and unavoidable.

Unavoidable causes include insubordination or inefficiency of employees, continued or long absence and shortage of work within the organization are the most prominent ones. Thus, none or few of the scholars have seen the positive dimension of employee attrition and this article mainly discussed both voluntary and involuntary attrition (turnover) causes and consequences.

ANTECEDENTS OF EMPLOYEE ATTRITION

Different authors mentioned various categories of employee attrition among which the followings are some of them. Owence, Pinagase and Merey (2014) noted job satisfaction, organizational culture, characteristics of the job, unrealistic expectation of employees, the person him/herself and better pay elsewhere are the major causes or antecedents of labor turnover.

Khatri et al., (2001) categorized causes of employee turnover into three broad groups, namely demographic variables containing age, gender, tenure, income level, position of the worker, controllable variables including pay, nature of work, supervision, organizational commitment and justice. The final group contains variables beyond the control of the organization including perceived employment opportunity options and job hoping.

Kaur, Mohindru and Pankaj (2013) categorized antecedents of turnover intentions into four basic groups: quality of work life, organizational justice, job stress and job satisfaction. Similarly, Ongori (2007) classified sources of employee turnover into two broad categories which include job related factors containing job stress, lack of commitment, job dissatisfaction, personal agency and economic reason. And the second group contains organizational factors which can be further bifurcated into organizational instability, organizational communication, pay and pay related variables, poor hiring practices, managerial style, lack of recognition and toxic workplace environment (Abassi & Hollman, 2000). Zuber (2001) has found that employees are more likely to stay when their work environment is predictable and less likely to remain on the job when there is unpredictable work environment.

Hana and Lucie (2011) has deducted determinants of reasons of employee turnover and constructed seven main factors causing employee turnover. Those factors include recognition for the work done, communication in between subordinates and managers, remuneration paid to employees, certainty, relationships, culture of the organization and expectations perceived by employees. They confirmed those factors were using the method of induction based on the results of the surveys.

There are several reasons why people quit their job and move from one organization to another or why they leave their previous organization. The author of this article has categorized those causes into four major groups; personal factors, organization and work factors (avoidable and unavoidable), social and economic factors and finally organizational commitment of employees.

A) PERSONAL FACTORS

Personal factors include age, gender, educational level, marital status, years of working (tenure), individual ability like illness or incapability, responsibility which can be family related, self esteem, personality and so on (Zhang, 2016). Individual factors directly or indirectly affect the turnover and turnover intention through different ways. For instance, it indirectly influences them through the regulation of other variables.

According to Liu and Wang (2006), age, marital status, education levels and tenure are able to obliquely affect individual turnover intention. Study found that the female employee turnover rate is higher than male employees which may be related with their duty that they are in need to birth and take care of the family. According to Ma, Cheng and Wang (2003) employees doing in a given units or post for a long time will feel exhausted, which can lead to withdrawal intention. Employees with young, inexpert (inexperienced) and high level of education tend to have low level of happiness about jobs and careers, and have lower commitment to the organization and these negative attitudes are associated with employees' withdrawal intention.

B) ORGANIZATION AND WORK FACTORS

Different researchers name these factors as work-related factors and the author, with the help of different literatures grouped them into two broad categories, avoidable and unavoidable and those factors include remuneration (pay), certainty (secure future), relationships, recognition, communication, organizational culture and expectations.

Under those seven main factors, twenty nine determinants are there which are assumed to be inclusive of all factors mentioned by numerous researchers. All those seven main factors are moderated by job satisfaction and job satisfaction decreases employee attrition and job dissatisfaction increases turnover.

These organization and work related factors can also be grouped into two; unavoidable causes which mean the management ask some of the workers to leave the organization due to insubordination or inefficiency of employees, continued or long absence and shortage of work. And the second category of avoidable causes includes the followings:

- I. **Pay (Remuneration):** Employees leave their work position due to low pay which contains remuneration, benefits, imbalance between performance and reward. Griffeth, Hom and Gaertner (2000) distinguished that pay and pay-related variables have a reserved effect on turnover. The analysis made by them also included studies that investigated the association between pay, a person's performance and turnover. They concluded that when high performers are inadequately rewarded, they give up. If jobs provide sufficient financial incentives, the likelihood of employees remaining with organization increases and vice versa.

The typical objectives of any compensation system are to attract, retain and motivate employees (Robbins, 2003). According to him, one of the reasons for employees' attrition is poor remuneration. If employees are not pleased with what they are paid by their employers, they normally leave to seek greener pastures which are better payment elsewhere. In addition to compensation, there must be feasible and attractive working conditions, motivation, recognition and an opportunity to grow. Thus, a number of employees also leave even if another job in another organization offers them a lower salary as long as they enjoy a satisfying job. Tyani (2001) also mentioned that even though financial incentives, monetary values, will encourage member staffs to stay over the short term, they need opportunities for growth over the long term.

- II. **A secure future (certainty):** is the second important factor affecting employees' decision to quiet a work position and these factor include trust in the company's vision, trust in leaders/management, following business ethics, new projects and innovation, speed of employee turnover, a vision of the future).

Organizational instability has been shown to have a high degree of turnover which means when there is a predictable work environment, the chance of retaining employees increases and the reverse is true (Zuber, 2001).

In organizations where there was a high level of inefficiency there was also a high level of staff turnover (Alexander, Bloom & Nuchols, 1994). The environment where the organizations are not stable, employees' tendency to leave increases which increases their attitude of looking for stable organizations due to the fact that in a stable organization they would be able to forecast their career advancement.

From this truth one can generalize that the better the performance of the organization and the higher the economic benefits of the organization, the more benefits and advantages can bring to employees' of the organization, like increasing their income and welfare, the lower frequency of turnover behavior. The better an enterprise's prospect that employee can observe, the lower the probability of employee turnover (Ling, Fang & Fu, 2005). When the size of the organization increases, it strengthens the sense of employee security, makes employees' satisfied and proud of access to the mass organization and in general they do not want to leave the organization. It's also assumed that when the size of an organization increases, every employee's wants to play a particular character within the organization that suits with the culture of the organization, the more internal opportunities can be gained, and the more role can be acted by employees which creates good internal dynamics and improve employee's job satisfaction and reduce employees turnover intentions.

The other most primitive impulse of employee career is chasing of higher income level. Different survey results showed that the industry with low income has higher attrition rate and concluded that the personal income level of employees' is one of the most crucial factor that enhances their intention to withdraw from their present organization. In addition to this, good employee welfare and reward policy is the other aspect one should consider and it indirectly reduces the rate of employee turnover through promoting employees' organization commitment.

When an organization provides a personal development opportunity for its employees, it helps that organization via reducing the rate of staff members turnover since the availability of personal development opportunity and rate of turnover are inversely related (Wang, Chen & Xu, 2001).

- III. **Good relationships:** Even though there are a number of good reasons for leaving their current organization, existence of attractive or good relationships in between employees (coworkers), employees and managers at the workplace support the decision of employees' to stay with their organization and this factor contains co-operation, treatment, fairness (perceived organizational justice), tolerance, helpfulness, the style of assigning and performing tasks.

A kind of relationship existing in between company or department and known as interpersonal relationship has a paramount impact on employee withdrawal behavior. Whenever an interpersonal relationship of a given company or department is complicated, it is very difficult for employees to deal with the relationship with colleagues and manager, or the employees need to spend majority of their energy to handle in the relationships within the company or department, and this condition will leads to high rate of employee turnover.

- IV. **Recognition (roles and positions):** the forth avoidable workplace causes of employee attrition is recognition involving prestige, opportunities, development, and recognition applied in the organization having the major impact on work satisfaction. The first sub factor under recognition is performance appraisal which can be defined as the method by which the performance of an employee is evaluated against the pre-specified standard. Employees need to be rated using their actual performance and improve competence. Mullins (2005) stated that human being must be given recognition and credit where it is due. According to Cohen (2000), managers are often not responsive to a better performance, but they quickly criticize few occasions when performance falls below expectations. According to Robbins (2003) providing positive feedback for employees' performing well is a strong motivator and promotes the likelihood of acceptance by the rest of employees and responds to constructive criticism.

- V. **Communication:** Communication within the organization and its level also determines employees' job satisfaction because employees have a strong need to be informed.

Communication as an important factor of causing employee turnover include sub-factors like type of communication, feedback, sincerity, ethics, awareness, information asymmetry and respecting opinions. Labov (1997) mentioned that an organization having strong communication systems enjoyed relatively lower turnover of staff than poor communication systems. This is because the feeling of employees is comfortable to stay longer and devote both their time and effort in positions where they are involved in some level of the decision-making process. Thus, the above idea was supported by Magner, Welker and Johson, (1996) that employees should fully aware of issues that affect their working atmosphere. Unless openness' in sharing information and employee empowerment is there, the probability of continuity of employees are minimal and the rate of turnover will increase.

- VI. **Organizational culture:** the other avoidable, critical factor for an employee's decision to leave or stay in the work position is the culture of the organization. Even though a number of determinants are there under this factor, Zhang (2016) mentioned workload, flexible working hours, access to sources, type of culture, and focus on quality as the most important ones. Costly et al. (1987) also pointed out that high employee attrition may signify the existence of poor supervisory practices, poor personnel policies, poor recruitment policies, poor grievance procedures, or lack of motivation.

All the above mentioned factors contribute to high level of employee attrition in the sense that promotions of employees are not applicable based on spelled out policies, absence of clear-cut policies on personnel matters, absence of grievance procedures in the workplace, and lack of appropriate management practices so that employees are not recruited scientifically, and the final result will be high rate of employees' intention to quit their job.

According to Zhang (2016) different organizational culture will influence turnover like when a new employee is hired in a given organization, his/her individual value orientation and expectation requires time gap to adapt with organizational culture and management mechanism. The uniformity of personal value orientation and organizational culture can predict employee retention in which higher consistency leads to greater chance of retention.

Matching of employee personal goals and organizational goals well can successfully reduce the likelihood of employees leave the organization.

- VII. **Expectation:** This factor determines the length of stay in the work position and has different determinants like imbalance between work and personal life, unclear assignments (role ambiguity), expectations, perceived organizational support (POS) and so on. For instance Firth et al., (2004) described that employees give up their job when they experience of job stress emanating from different stressors, lack of commitment in the organization and face job dissatisfaction.

The other determinant under expectation factor as an avoidable cause of turnover intention is role ambiguity which refers to the difference between what others wait for us on the job and what we feel we ought to do. It causes uncertainty about what role should we play in order to get acceptance from others. It can be a consequence of misunderstanding what is expected of us, how to meet the expectations, or the employee thinking that the job should be different from expectation (Kahn et al. Muchinsky, 1990). According to Tor et al., (1997) what causes employees to feel less involved, less satisfied with their jobs and careers, less committed to their organizations, and eventually exhibit a propensity to leave the organization are inadequate information on how to execute the job adequately, blurred expectations of peers and supervisors, vague performance evaluation techniques, extensive job pressures, and absence of agreement on job functions or duties (Tor et al., 1997). Generally, if unclear roles are given or expected from employees by management/supervisors, this would hasten the degree of employees leaving their jobs due to lack of role clarity.

C) SOCIAL AND ECONOMIC FACTORS

Different authors mentioned that social and economic factors can be both avoidable and unavoidable depending upon the determinants and capacity of the organization. For instance, enterprise or organizational property can be controlled by the organization and others like society's economic development level, labor market conditions and the like are beyond the control of a given organization.

According to Huang and Huang (2006), society's economic development level, labor market condition, employment system, job opportunities, enterprise property, education and health care facilities around the organization, transportation services available around the organization, housing services, the cost of living, quality of life and so on all have a great effect on employee's withdrawal behavior. Well developed economy, ample supply of industry personnel, relatively good employment condition, or increased job opportunities will lead to higher employee turnover intention.

While determinants like availability of transportation services, housing services, education and medical facilities around the organization are inversely related to the employee turnover to some extent. When the cost of living is high the probability of employee turnover will reduce due to the fact that employees must make a living via being committed to the organization. And different staffs choose to give up their current job for higher paying job in pursuit of a better quality of life.

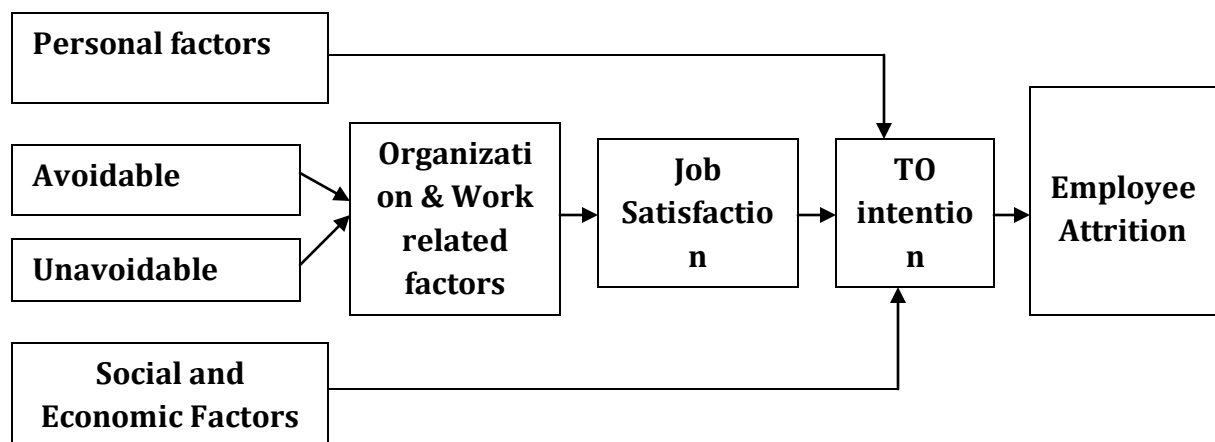


Figure 1: Antecedents of employees' turnover (attrition)

CONSEQUENCES OF EMPLOYEE ATTRITION

Employee withdrawal is significant for different stakeholders like organization, individuals and management (Kuria, Alice & Wanderi, 2012). From the organization point of view, staff turnover represents a significant direct and indirect cost to the organization. For instance, Hiemstra (1990) mentioned costs of recruitment, replacement, training, reduced standards and poor production practices as direct costs.

Similarly, Fair (1992) suggested that not only the above mentioned direct costs but also additional costs associated with staff withdrawal include costs like separation, recruitment, selection, hiring including induction and initial training, relocation costs, uniforms and lost productivity costs associated with both the unfilled vacancy and the learning curve associated with the new employee.

Fair (1992) described indirect costs as costs associated to decreased levels of employee motivation, results with absenteeism and tardiness leading to customer dissatisfaction and eventually customer defection. In a similar fashion, Sutherland (2000) mentioned indirect costs as replacement costs including search of the external labor market for a possible substitute, selection between competing substitutes, induction or orientation of the chosen substitute, and formal and informal training of the substitute until the newly hired employee attains performance levels equivalent to the individual who quit.

Traditionally human resource management literature has viewed employee turnover in a negative light. According to Dess and Shaw (2001, as cited in Siebert, Zubanov, Chevalier & Vitanen, 2006) human capital theories of employee turnover point to loss of firm-specific human and social capital. Organizational theories also described employee turnover as disruptive changes in organization (Carroll & Harrison, 1998). This negative view of turnover is supported by the results of several empirical studies. For example, Huselid (1995) finds that high employee turnover is inversely related to labor productivity in his sample of 968 U.S. firms. Also Baron, Hannan and Burton (2001) found that turnover is “disruptive” in their research conducted on hi-tech start-ups found in California in the early 1990s.

A) Negative consequences

Employee attrition has a negative impact on organizational performance, productivity and profitability. Phillips and Connell (2003) (as cited in Aman, 2015) concur and enumerate the costs of turnover including recruiting costs, selection and placement costs, orientation costs, training costs, lost wages/salaries, administrative costs, lost productivity, loss of human capital, and customer satisfaction problems.

Philips (1990) also mentioned that employee turnover has many hidden costs and these invisible costs are the result of incoming employees, co-workers closely associated with incoming employees, co-workers closely associated with leaving employees and position being filled while empty and all these hidden costs incurred by the organization affect the profitability of the organization.

On the other hand employee withdrawal affects customer service and satisfaction (Kemal et al., 2002). Numerous studies clearly showed that turnover affects the profitability of the organization and if it's not managed correctly it would have the negative effect on the profit of the organization. However, voluntary turnover incurs significant cost, both in terms of direct costs including replacement, recruitment and selection, temporary staff, management time and also in terms of indirect costs including reduced morale of existing staffs, costs of learning, product/service quality, pressure on remaining staff and the loss of social capital (Dess et al., 2001).

I) DIRECT COSTS

Direct cost is a kind of cost directly incurred by the organization which loses its employee(s) and includes costs of selecting, recruiting new applicants, and costs of providing training and development for newly hired employee(s). Various research estimates indicated that hiring and training a replacement worker instead of the lost one costs approximately half percent of the worker's annual salary (Johnson et al., 2000). Let us look each of them in detail with the support of different research findings.

a) **Selection and recruitment costs**

While someone leave an organization, it is mandatory to fill the vacant position through devoting energy and expense of finding replacement personnel which must go through recruitment, screening through some selection mechanism, and finally hiring them. According to Kasarda (1973), if large numbers of people leave an organization on a regular basis, the organization will most likely have adapted to this consequence by retaining full-time specialists in recruitment and selection, thereby increasing its administrative intensity. In fact, for organizations who hold members for only a relatively short and specified period (e.g. the military, universities, social clubs), the search for potential members and their selection becomes a very major function of the organization.

Nonetheless, recruitment and selection can involve substantial costs to the organization, and these costs can be moderated by several additional variables. Staw (1980) mentioned three obvious moderators of selection and recruitment costs of turnover which include the tightness of the labor market facing the organization for the particular position to be filled, the level and complexity of the job to be filled and whether inside or outside succession is followed by the organization. If existing organizational personnel can be promoted or reassigned to the departed person's position, recruitment and selection costs may be drastically reduced.

b) **Training and development costs**

Even when organizational members can be easily recruited and selected for an organization it may be months before the new employee can perform at the level of the departed member of the organization. If the role is complex, the new member may need a long period of training; if the role is unprogrammed and the procedures as well as objectives undefined the individual may require time to build his or her own role in the organization (Graen, 1976). Thus, training costs can involve the direct expenses of formalized instruction programmes, the costs of having other employees informally help the new organizational member, as well as the time period in which role performance is below that of the veteran employee.

The moderators of training and development costs include the level and complexity of the job and succession of an insider versus the hiring of outsider.

II) INDIRECT COSTS

Turnover has many hidden or invisible costs affecting the profitability of the organization and customer service and satisfaction (Kemal, Din & Qadir, 2002). Some of them include:

A) Operational disruption

Operational disruption aside from the recruitment, selection, training and development costs associated with turnover, the loss of large numbers of personnel or key members of the organization will sometimes prove costly in terms of general disruption.

When people leave it may affect the ability of others to produce their work because of interdependence of work roles within the organization. If a key person leaves the whole system may break down if the organization is both highly interdependent and specialized. The loss of a key production manager or even a specialized equipment repair person (Crozier, 1964) may cause greater disruption to the organization than changing executive officers. Across all positions, the predictability of turnover will also be important (Price, 1977).

According to Nel, *et al.* (2004), the following are some of the factors that impact on staff turnover and organizational effectiveness:

- ❖ Increased customer grievances about the service.
- ❖ Decreased quality of service because of staff shortage.
- ❖ Unfamiliarity of replaced staff with existing ones and task or duties to be performed which results with inefficiency and commitment of different errors.
- ❖ Sometimes a personnel member in the unit is in the lower categories of staff. Therefore they are restricted by their scope of duty. They can perform certain duties under the direct supervision of a trained member or sometimes they are completely forbidden to do certain duties.

B) Demoralization of employees

The other source of indirect costs is the demoralization of employees who remain with a firm (Staw 1980, Steers & Mowday, 1980, Mobley, 1982). This demoralization may be due to the loss of a respected colleague or the fact that turnover may require additional work to be absorbed by remaining employees whose capacity is already stretched (Mowday et al. 1982). If those who leave possess high social status among the organizational membership, turnover will likely lead to greater demoralization. Employees remaining in the organization may see their own fates as less desirable (left behind) and they may question their own motivation for staying.

The impact of staff turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness. Mathis and Jackson (2007) stated that employees have to work extra hours to compensate for the work of those that have resigned. Russell and Bvuma (2001) state that cost is not only financial but must also be measured in terms of the damage to staff morale and deficits in meeting customer demand. The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees.

Different research findings also showed that employee attrition (turnover) leads to knowledge loss, losing experienced and knowledgeable employees. For instance, Stam (2009), stated that organizations (irrespective of sector of economy, size of organization etc.) are facing a crisis of knowledge management which is to ensure that employees will not leave the organization before transferring their experience, which means that organizations are facing a "knowledge preservation crisis" as organizations' knowledge is threatened.

Similarly, Beazley (2003) assesses the loss of knowledge as a serious threat to the organization losing its employees. Furthermore, Meaghan et al., (2002) said that the loss of intellectual capital adds to the indirect cost, since not only do organizations lose the human capital and relational capital of the departing employee, but also competitors are potentially gaining these assets. Therefore, if employee turnover is not managed properly it would affect the organization adversely in terms of personnel costs and in the long run it would affect its liquidity position.

C) Create negative image on the organization:

It is not just that only employees are looking for job even organizations are on the outlook of qualified and experienced professionals. When any company has high attrition rate it negatively impact the brand of the organization. Different recruiters' state that they find it difficult to map qualified candidates to the organization, as candidates prefers out fearing the attrition rate. The reasons may vary but a negative image work against the organization and potential employees may not prefer that organization due to its bad image in retaining human resources.

D) Employee development plans fail:

Many organizations have various employee development plans and higher attrition rate results in losing out on it. Employee development plans takes time and huge investments and when there is disturbance within the organization due to employees' attrition, it affects the development process for all.

The money invested on the employee who leave is wasted; also it affects others who have to jump in to fill in for the lost employee affecting their career plan and growth. These plans are structured and require dedication and time to reach the goals. A change mid way mostly means loss of the past work done which benefits none.

B) POSITIVE CONSEQUENCES

The potential positive consequences of employee attrition have received very little attention in organizational psychology and yet some research reports the potential benefits of employee attrition or turnover.

Job matching theory (Jovanovic, 1979) predicts that workers less suitable for the firm leave earlier; hence, there is room for labor turnover to improve performance by clearing the workforce of poor worker-job matches. By supporting job-matching theory, McEvoy and Cascio's (1987) conducted a meta-analysis of twenty-four reported correlations between performance and turnover concluded that 'good performers are ... less likely to leave ... than are poor performers'.

This conclusion was also supported by Williams and Livingstone's (1994) who proved an even stronger negative relationship between worker individual performance and voluntary turnover when pay is contingent on performance. Let us look the potential benefits or positive consequences of labor turnover:

i) Enhance individual work performance:

When few currently on the job employees' exhibit insubordination or inefficiency, any organization may apply involuntary employee attrition and this would result in reduction of negative effect of people or employees working against the organization. Then, the organization must hire new employees which results in injection of new blood having unique talent, skill, knowledge and desire to work hard. According to Staw (1980), the new arrival may be more highly motivated than the old employee and may possess greater abilities and training.

He also stated that while experience may contribute positively to job skills and knowledge, effort or motivation may be at its highest when the individual arrives in the organization. The new employees may be characterized as optimistic, energetic, but also naïve and in contrast, the long-term employee may be wise, but also cynical and sluggish.

From this one can generalize that employee attrition can enhance individual work performance via talent infusion or creating fear upon existing employees when the organization fires disengaged workers.

ii) Reduction of entrenched conflict:

Most of the time the main cause of employee turnover is conflict or disagreement that might be created among workers and supervisors, different administrative bodies, departments, organizations and so on.

Sometimes, conflicts are not easily resolved and might emanate from differences in core beliefs and during this time turnover become the ultimate safety valve for organizational strife, given the fact that the conflicting parties have alternatives of where to go. Thus, employee attrition can be taken as a conflict resolution mechanism by departing the conflicting parties.

iii) Increasing mobility and morale:

Most of the time employees who are competent and capable of doing a better job are not delegated authority due to different reasons and if incapable one leaves the organization, it creates a better opportunity for the competent one through upward mobility. Guest (1962) also mentioned that if undesirable supervisors or coworkers leave the organization, this event might obviously cheer some members. And an organization with little turnover may have nowhere to promote highly competent workers with upward mobility strivings unless the organization is expanding rapidly.

iv) Setting the culture right (Innovation and adaptation):

Various studies supported the benefits of turnover in settings requiring exploration or innovation. Dalton and Todor (1979) and Staw (1980) note that the worker mobility implied by turnover may serve as a source of new knowledge for firms.

Furthermore, an experimental study conducted by Argote et al. (1995) finds that, although the average impact of employee withdrawal on work group performance is negative, this effect is less pronounced for complex tasks than for simple tasks.

They attribute this difference in turnover's effect to the fact that the performance of simple tasks doesn't require greater innovation than complex tasks requiring greater innovation which is also known as exploitation. Employee attrition is a very major means by which reorientation of the organization occurs and also a reason for organizational adaptation in the dynamic environment. For instance, changes in top level management can be followed by major changes in organizational policy and this can happen in order to cope up with the environment and helps to set the culture right. Also measurement (like fire) taken on employees who don't care for a lot of organizational policies results in setting the culture right.

v) Cost savings:

The last positive consequence of employee attrition can be cost saving which means reducing higher manpower costs. Majority of the time employees' having long service years will be paid high pay scale which is indirectly the burden for the organization.

Thus, if currently on the job employees' exhibit insubordination or inefficiency, any organization must apply involuntary employee attrition and this would result in reduction of negative effect of people or employees working against the organization and reduce the negative effect. Through this mechanism any organization can reduce higher manpower costs and cost savings can be implemented.

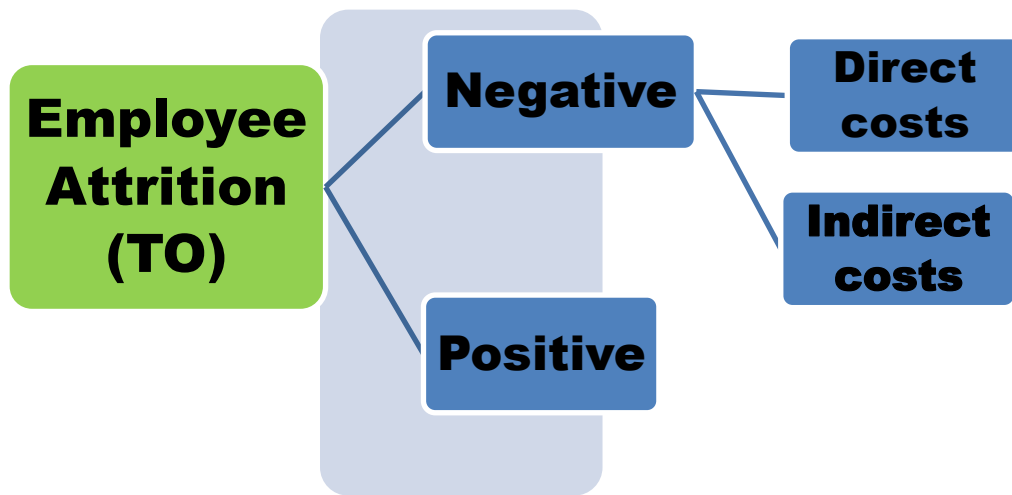


Figure 2: Positive and negative consequences of employee attrition (turnover)

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