## AC3.5 Explain the impact associated with dysfunctional employee turnover.

Dysfunctional employee turnover is when a dedicated and top performer employee leaves the organization for any reason (McInerney, 2023). Employee turnover has a devastating impact on organizations especially dysfunctional turnover where good performers leave and poor performers stay. The cost of losing an employee can range from 25% to 200% of employee salary (UMN, 2016)

Direct Costs:

The process of attraction, recruitment, selection, and onboarding are a direct cost due to dysfunctional employee turnover. In a tight market in which SunEnergy works in, there is already high demand for talents to work in the green energy industry. It is, therefore, highly costly to find an appropriate talent as a replacement for the quitters. In addition, the lost productivity during the time of finding another employee and training them to be productive also counts: the opportunity cost.

Indirect Costs:

In addition to direct costs, there are hidden costs that impact existing good employees. Turnover is contagious (Weisser, 2022). When current employees see that their colleagues leave the organization for another one, their aspiration would be higher for a better salary or position. Losing good performers means also losing good knowledge and skills which will impact organizational performance. For example, when an engineer in wind energy department leaves the organization, it means that their skills are lost and it is not an easy task to compensate for it.