A Case Study on
Employee Turnover & the Dilemma

Dr. Rajesh Kumar Pandey[1*], Miss. Tanaaz Khan[2]

[1] *Associate Professor, SSR IMR, Silvassa, Permanently Affiliated to SPPU, Pune, India.*
[2] *Student, MBA 2nd Year (HR), SSR IMR, Silvassa, Permanently Affiliated to SPPU, Pune, India.*

*Corresponding author

Case Introduction

Employees are the major stakeholders of the Organisation. Every Organisation while expects the tenure of the Employees to be never ending however the truth is Employees do leave the Organisations. The reasons certainly will be varied in nature. Now does that mean Organisations regret the Employees leaving their Jobs, the notion may be debatable. The Employees leaving a company over a given time period is referred to as Employee Turnover. There is a related term Attrition, which may get referred to as turnover however both the terms have a difference. While the reasons of employee turnover may be personal, however it has been witnessed that the causes of turnover may include Organisational culture, its benefits and compensation management, career development issues, superior – subordinate relationship etc. More Employee turnover shall certainly impact profitability and eventually may have impact of business sustainability.

Retention does require conscious efforts at the Organisation. Employee turnover attracts business decision making aiming instincts as the same is a pretty dependent approach. One can plan retention but curtailing turnover may like sound a distant dream. Infact the same may differ from industry to industry. The Organisation normally calculates the employee turnover by dividing the total number of leavers in a month by the average number of employees in that month multiplied by 100. Hence the rate derived signals the path of the Organisation in terms

of the turnover. There may be attrition that Organisation potentially may welcome, while there may be a situation where employees leaving will be painful. At one end the turnover rate may differ from Industry to Industry, to other end it may differ from company to company in the same Industry. Also to that extent, it may differ from Department to department in the same company.

Keywords: Employee Turnover, Attrition, Human Resource, Case Dilemma, Organisation Culture.

1. Employee Turnover: Organisational Perspective

Organisational perspective towards Employee Turnover has been recorded on varied grounds. There have been debates on the rate of turnover, the version of turnover whether good or bad, Industry wise turnover etc. It is understood that Employee turnover is an indicative measurement of the number of employees who leave an organization during a specified period. Employee turnover refers to the total number of Employees who leave a company over a certain time period. It includes those who exit voluntarily as well as employees who are fired or laid off—that is, involuntary turnover. The reasons may be varied. Employee Turnover is different from attrition. On one hand, attrition means that people are retiring or resigning, but are not replaced. On the other hand, Turnover may be the broader concept. Both employee attrition and employee turnover rate refer to the speed with which a company experiences its staff moving. Either of these costs the company in terms of time and money, however, employee attrition is usually beyond your control, whereas you can actively work to limit overall employee turnover rate. As the turnover takes place the company seeks someone to replace the employee. But in the case of attrition, there may be an opportunity where the

employer leaves that vacancy unfilled or eliminates that job role as well. Such instances are dependent on the Organisational perspective and the goal. The Voluntary Turnover is inevitable just as change, No organization is protected against voluntary turnover as it is upon the employees. To the contrary Involuntary Turnover is when the company asks an employee to leave or may be Retirement or could be Internal Transfers etc.

The Organisational perspective towards Employee Turnover states that it does get influenced by Organisational culture. A new employee to the company shall get oriented on the grounds of values and expectations in order to integrate with the organisational culture. Employee retention can be predicted based on how consistently one's values align with those of the company. The likelihood of retention increases with better consistency. The goal congruence can successfully lower the risk that employees will quit the company. The Company with better engagement of employees and better economic benefits, certainly has an edge over Employee turnover. Employees are generally content and proud to be a part of a larger Organisation, with a better brand name. A positive internal dynamic can increase employee work satisfaction and decrease turnover.

2. Employee Turnover: Facts & Features

Facts of Employee Turnover (www.springworks.in) – Independent study

- 22% of employees claimed to have left their past jobs to further their careers.

- Organizations that provide remote employment have a 25% lower turnover rate.

- 90% of employees stated they are more likely to stay at a firm that values and acts on employee feedback.

- 46% of HR leaders say retention is their greatest concern.

- When a substitute employee is brought in, it takes them two years to achieve the same level of production.

Features of Employee Turnover

- Employees are overwhelmed by the amount of work

- Lack of Recognition

- Company Culture

- Poor Relationship with Manager

- Lack of Flexibility

- Remuneration and Benefits

- Poor Learning and Development Opportunities

3. Employee turnover – professional perspective:

Mr. Mehul Vaidya, a leading HR Professional from Goa, states that, "*Employee turnover and the success of an organization have a direct relationship*". Employee turnover rate and its drivers show the health of an organization. So, it is very important to keep a check on the same. At their organization, it starts with structured on boarding. Effective on boarding can improve employee retention by 82% and productivity by 70% as quoted by Mr. Vaidya. So we have adopted and inculcated best on boarding practices. The new joinee gets the welcome with a joining kit on the day of joining consisting of a book, diary, induction schedule, employee code, Laptop and Pen. It's followed by a meeting with Unit Head and team lunch. There would be dedicated HR and functional buddies assigned for the first six months to understand the nitty gritty of the unit. Manager check-in will be held after 7 days of joining thereafter on completion of 60 and 90 days in an organization. High Potential employees gets covered under different Talent Management schemes to groom during their career journey to take higher roles. It would be accompanied by a monetary incentive (deferred compensation) for around 3 years. Mr. Vaidya adds that the learning and Development function keeps employees engaged and employable and future-ready to take on any challenges. Structured e-

learning courses are launched with rewards to keep employees abreast of current trends and work of the future. Mr. Vaidya acknowledges that Sound Rewards and Recognition (R&R) initiatives to recognize employees at all levels always keep employee's morale high. At their Organisation it includes monetary and non-monetary appreciation in different forums like Applaud Spot and quarterly awards, PRIDE award, REPRISM (manufacturing excellence), in different categories. Mr. Vaidya accelerates his thought by stating that, "*Celebration of life cycle events will fuel a sense of belongingness among employees*". These all initiatives put together keep employee turnover in control.

The Silvassa based HR Specialist Mr. Subodha Sarangi from a leading Lubricant manufacturing company has a strong opinion on the Employee Turnover element at the Organisations, whereby he states that, "turnover may have a facet of concern depending on the high potential employee or low potential employee". Broadly Employee Turnover is a concern and the same is attributed based on the huge replacement cost that gets attracted due to an employee leaving the Organisation. The efficiency loss due to an employee leaving takes time to get reinstated. While one of the primary elements to curtail Turnover is an effective recruitment process however the employee engagement plays a leading role in managing attrition. The Root Cause Analysis need to be discussed on every attrition that an organisation faces, this has the potential to manage the future situations of such sort. Turnover is inevitable and it rate may differ industry wise however a conscious effort in employee engagement eventually can support organisation to meet their optimal aim of Talent Management.

The Bengaluru-based HR Head with a Global Technology Product firm Ms. Aparna Srikanth accepts that "Employee Turnover is a cause of concern for any Organization". Cost of rehiring and training over time is a substantial bearing financially as well time loss in the process, which is a setback for any enterprise. Moreover, it is an opportunity loss to the Business. Factors considering employee turnover are multiple and a few key to list are

organizational culture, employee engagement, employee benefits, learning and growth, and compensation aligned to the market. All these factors do have varying degrees of applicability across different enterprises that's driven by business objectives, and management vision.

The strategies which are driven by proactive measures and responsive to the situation are an indicator, of market trends and needs of an organisation. While these strategies should help to address prevailing employee churn, it may not be a fix completely beyond a point. Ms. Aparna opines that India as a land of huge human population certainly has an ocean of resources but the war for skilled talent continues to be a challenge. There is always a demand and supply equation which experiences imbalance. Attributes such as organisation size and the line of business also play key in determining the absorption of employee churn. She believes that turnover concerns would vary with the department or a business unit, and hence cannot be evaluated on the same parameter but broadly can be considered. Organisations at phases may have dilemmas upon choosing initiatives that emerge from Employee Turnover, Customer Turnover and market influences. What matters at the helm are the business imperatives to steer growth and profitability.

The Silvassa based HR Specialist Mr. Piyush Verma from a leading PSU considers the Employee Turnover for the Organisations a definite pain area. The hiring cost is obviously an area that an Organisation is concerned with. Mr. Piyush States that, "An Employee, who leaves the Organisations, leaves behind a gap that needs to be filled and further investment gets attracted". Hence training of employee who is leaving and training to the new employee who joins, together adds to financial burden. The ratio of attrition needs to be minimized that eventually adds to better financial margin for the Organisation. Mr. Piyush adds further that no longer gender specific employee turnover is a concern however the Generation specific

Employee turnover is a matter of discussion & concern. In today's Industrial world one experiences that the current generation has different set of priorities. Earlier Employees had priorities limited to basic needs, however today it is the era of more self-development. Mr.

Piyush further states that Employee Turnover may be tackled to some extent with effective Employee Development & Learning culture. Also as the needs of people keep evolving, the compensation management has a major role to play at present in the Industries for tackling Attrition. Mr. Piyush believes that whether PSUs or say any other kind of Companies, all have concerns about Employee Turnover & all are Business Oriented. Mr. Piyush concludes that in the era of Liberalisation, Globalisation & Privatisation, PSUs have certainly similar pressures of sustaining the businesses and hence controlling Employee Turnover for any reason becomes essential.

4. Employee Turnover: Dilemma Associated

The Employee Turnover attracts debatable context and the dilemma associated may have the mention of "Recruitment & Retention". The Organisations keep hovering around the point, whether recruitment was to be blamed or the retention of the recruited employee. Whether the Employee turnover could have been controlled with Training or is it inevitable? Or is it the Generation impact i.e., the new Generation more prone to job hopping may be? The Organisations do struggle with Candidate availability for the right position and at the same time they have the pressure of retention. Is it technology responsible for attrition? Even that is a topic for discussion. Whether Organisations have fundamentals of Good Turnover Vs Bad Turnover? All these and many dilemma opportunities keep Organisations involved in their intent of People Management.

5. Teaching Notes for the Case

5.1. Teaching Objectives

The following Teaching Objectives may be considered concerning the case:

1. To equip the participants/readers with domain knowledge of Employee Turnover.

2. To engage the participants/readers with the discussion on Employee Turnover from Indian Organisations Perspectives

3. To identify the potential dilemma and engage participants/readers towards a potential solution to the Dilemma.

5.2. Level of Analysis

The present case is a type of Teaching case with a focus on the Illustrative & Appraisal Case approach. The analysis attracts an understanding of the domain of Employee Turnover situations at the Organisations at large. This case is suitable for the case study approach at the Commerce & Management Students level. To be specific B Com, BBA Final Year students & Management Students shall have a deserving benefit out of this General Management case. Executive MBA Students & Management Consultants with special reference to the HR Consultancy owners would also be major beneficiaries. Talent Acquisition & Retention are the core of Companies today, hence Industry at large will be a party to the benefits of learning from the case.

5.3. Case Assignments

As part of the case study delivery, participants may be assigned certain tasks pre & post-delivery of the case.

Pre-discussion Task: Gather a fair understanding of Employee Turnover issues & resolutions through observations, meeting Industry representatives, reading journals & books in Library and through E-Sources

Post discussion Task: Conduct a review of further literature about the theme of the case & practical exposure through meeting further industry representatives & consultancy services. Post discussion schedule shall also include a discussion round on a few questions about the case

5.4. Broad Discussion Questions

Q.1: Discuss the implication of Employee Turnover at Organisations. Strengthen your response through critical insights in Employee Turnover.

Q.2: Analyze the root cause for the Employee Turnover at Organisations.

Q.3: Elaborate on the remedial measures towards Employee Turnover situations at the Organisations.

Q.4: "Employee Turnover differs Industrywide and also within a company it differs department wide"." Discuss while citing relevant illustrations.

6. Potential Benefits of the Case

6.1. HR / Company Executives

- The case benefits in the form of solutions to an essential issue faced by the Organisation in the form of Employee Turnover.

- The Case supports to learn the Employee Turnover management practices cited in the case.

- The Case assists to be more prepared on such situations at the Organisation where the Turnover of Employees impacts performance.

6.2. Student Readers

- The Case helps students to understand the implication of the Employee Turnover situation at the Organisations.

- The Case supports students' academic learning on the Employee Turnover concept vis-a-vis the practical scenario at the Organisation.

- The Case helps students to gather knowledge on key reasons for Employee Turnover at the Organisations.

6.3. Industry at Large

- The Case serves as the best practice sharing approach whereby the Companies will have a ready reference for tackling & discussing the Employee Turnover issues.

- The Case has the potential to guide the new Organisations in their journey of Employee Management.

- The Case has the potential to instigate Talent Management & Employee Engagement virtues adopted by the Organisations.

6.4. Proposed Session Plan

The case study delivery on the academic front may have the following session plan:

Action sequence	Session Details	Duration
Action – 1	Pre-Case Discussion ► State the objectives of the Case ► Announce the students to gather understanding on Employee Turnover at Organisations	3 Days before the discussion session
Action – 2	Case Discussion ► Nominate specific sections for students to narrate (Soft copy Display / Hard Copy distribution) ► Appoint a set of 3 students to record the key points ► Allow the appointed students to narrate the key points after the case narration ► Facilitator to conclude with major learning from the case and the case implications	1 ½ Hour
Action - 3	Post Discussion ► Submission of written responses to the discussion questions for the case ► Select a set of two teams comprising 4 students each (during Action -2) and assign the task of presenting the same	3 days post the discussion 15 minutes presentation time for each

	case one by one in front of the class. (Action -3) ► Open the forum for discussion & conclusion of the case.	team 30 minutes
Action – 4	Case study Test ► The case may be presented with a precise draft (case let) as a question of General Management Strategic Subject ► A 20 marks allocation to the case with 30 minutes time slot	As per the Examination Schedule
Teaching Aid	► Projector to display the Soft copy of the Case and handover of the same through respective online mode. ► Black / White teaching Board for facilitator & student presenters	

REFERENCES

[1]. Sarangi, S. (2022, July 28). Employee Turnover. (R. Pandey, & T. Khan, Interviewers) Silvassa.

[2]. Srikanth, A. (2022, September 10). Employee Turnover. (R. Pandey, & T. Khan, Interviewers) Bengaluru (Virtual).

[3]. Vaidya, M. (2022, August 7). Employee Turnover. (R. Pandey, & T. Khan, Interviewers) Goa.

[4]. Verma, P. (2022, August 12). Employee Turnover. (R. Pandey, & T. Khan, Interviewers) Silvassa.

[5]. Bhorayal, R. (2022, July 15). *https://analyticsindiamag.com*. Retrieved from https://analyticsindiamag.com: https://analyticsindiamag.com/study-analytics-india-attrition-study-2022/#:~:text=The%20attrition%20rate%20of%20large,Delhi%2FNCR%20(27.8%25

[6]. Hansen, J. (2022, July 16). *https://www.award.co*. Retrieved from https://www.award.co: https://www.award.co/blog/employee-turnover-rates

[7]. Kumar, P. (2022, July 15). *www.springworks.in*. Retrieved from www.springworks.in: https://www.springworks.in/blog/employee-retention-statistics/

[8]. Peepshr. (2022, July 15). *www.peepshr.co.uk*. Retrieved from www.peepshr.co.uk: https://www.peepshr.co.uk/resource-centre/7-common-causes-of-high-employee-turnover/