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ICIMTR2013International Conference on Innovation, Management and Technology Research,
Malaysia, 22-23 September, 2013**Effective Strategy for Solving Voluntary Turnover Problem
among Employees**Roya Anvari^{a*}, Zhou JianFu^b, Siavash Hosseinpour Chermahini^c^{a,b,c}*Department of Human Resource Development, Faculty of Management, Universiti Teknologi Malaysia, 81310 skudai, Johor, Malaysia***Abstract**

Managing high employee turnover is critical for any organization in order to stay competitive. This paper attempts to discuss the key factors that may contribute to employees' voluntary turnover behaviour. This study recommends that the white goods company improves on the mechanisms for addressing the causes of employee turnover to improve employee retention. This study can help to determine some of the factors that can affect employee turnover. This study may propose to top management of the white goods company a better solution in dealing with the problem of employee turnover.

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Keywords: employee turnover; strategy; retention.

1. Introduction

Employee turnover is an important metric that is often central to organizations' workforce planning and strategy. The reasons why employees leave their current positions - not just the fact that they leave -

* Corresponding author. Tel.: +60172458894
E-mail address: roya.anvari@utm.my

have crucial implications for future retention rates among current staff, job satisfaction, employee engagement, and organization's ability to attract talented people into the company. Voluntary turnover is a major problem in Asia. Employee turnover rates continue reaching new highs with no sign of slowing down. 2011 turnover rates in Hong Kong and Singapore are close to 10% with China at a shocking 20%. Among firms in China and Hong Kong, 30% reported turnover rates of 11% to 40%.

Low employee loyalty and rising turnover rates in Asia have brought added burden to HR managers in their efforts towards retaining talent and decreasing turnover to maintain business performance. Yet given the growing changes in today's modern workforce, the conventional associations connected to the two aforementioned factors require a more in-depth and liberal approach to interpret before acting accordingly. At present, the employee resigns and the long wave of labor lawsuits resulting in a worldwide organization deeply hurt the employees and the organization, and further damage to the company itself. In other words, the balance of the interests of the remedies has been required by the organization of multiple stakeholders to promote reasonable, but effective employee turnover. The study was conducted on this issue. Turnover of leaving my present position by the government and private sector staff due to retirement, resignation, pause, delete, death or other reasons employees leave their position. The study is focused on the resignation, which means that staff volunteers and unilaterally leaves the organization.

2. Statement of Problem

Turnover is the rate at which an employer gains and losses employees. The simple way to describe it is "how long employees tend to stay" or "flow rate through the revolving door." There are two types of turnover, which is voluntary and involuntary. Turnover of each type has different causes and effects. However, this study is to find out the reasons of turnover rather than turnover types studied here. We will discuss, explore and pay more attention to voluntary departure, because it is the most serious problem of employee turnover. Current, the turnover of the main problem facing most companies, especially in low-wage work, a certain amount of turnover is inevitable, but too much can ruin a company. There are many ways to play a significant role in a company's staff turnover rate. Such aspects can stem from both the company as well as the employees. Employers give more attention to staff turnover rate, because it is a very expensive business. These costs typically include advertising, headhunting fees, resource management, cost, time and productivity loss, imbalance in the work, and staff training and development costs for new entrants. The company quarterly basis the meliorate factors led to the turnover of staff turnover. If the company decides the most common causes of employee turnover, it would certainly be able to recruit and retain qualified personnel to take the necessary steps. For example, staff turnover problems always occur when employees are not satisfied with their reward. Company has to recruit a new employee to replace the position left by the staff. Generally, it is necessary to train new staff before they assume the position. But the result is more expensive than the cost to maintain the current staff training new employees. But the result is more expensive than the cost to maintain the current staff training new employees.

3. Literature Review

3.1 To identify the factors causing turnover.

Employee turnover is a topic of immense importance to public and private sector organizations. In part, this importance reflects the tremendous costs—financial and otherwise—often associated with the turnover (Staw, 1980; Balfour & Neff 1993). Financially, turnover may lead to increased personnel

expenses—particularly in the areas of recruitment and training (Staw 1980; Balfour & Neff 1993). Pay and pay-related variables have a modest effect on turnover (Griffeth et al, 2000). Their investigation also integrated studies that examined the relationship between pay, a person's performance and turnover. They concluded that when high performers are inadequately rewarded, they will choose to leave an organization.

3.2 To find out how the organization deal with this turnover problem

The research conducted on the link between dissatisfaction with the pay and voluntary turnover appears to be inconclusive. Tang (1992) recommended that the most crucial reason for voluntary turnover is regarding to higher wages/career opportunity. There is an inverse relationship between relative wages and turnover (i.e. establishments with higher relative pay had lower turnover) (Martin, 2003). Salary growth had a pronounced effect on turnover in the studies that related to compensation. Particularly, salary growth effects on turnover were greatest for high performers, that is, high salary growth significantly reduced turnover for high performing employees. Compensation and benefits package are defined in this study as it helps to retain the workers and minimize the turnover rate (Park, Ofori-Dankwa, & Bishop, 1994; Trevor, Barry, & Boudreau, 1997).

3.3 To recommend the proper retention strategy to solve the turnover problem in organization

According to Milkovich and Newman, (2008) the employees contribute their efforts in order to appreciate the compensation and benefits package that offered by the employers. Compensation and benefits include pay received directly as cash (for example: base, merit, incentives, cost-of-living adjustment) and indirectly as benefits (for example: pensions, medical insurance, program to help balance work and life demands, brightly colored uniforms. The employees might have different types of preference based on their requirements. Some of them will prefer to directly as cash but some of them will prefer to indirectly as benefits. The preference of components of compensation and benefits are defined in this study as it helps to distinguish their desired needs and retain the talented workers in an organization.

4. Proposed Model and Propositions

Figure 1 shows the proposed model that will be used to guide the completion of the investigation:

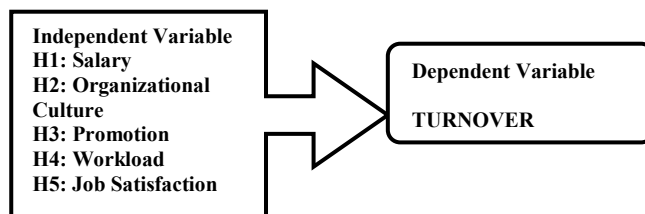


Figure 1. Proposed model of the study

Based on the conceptual framework the following research objectives will be developed.

- What is the reason making employee want to leave organization?
- What will be done by organization to deal with the turnover?
- What is the loss and cost when employee leaves their organization?
- What is a retention strategy to solve the turnover problem in organization?
- What are the appropriate methods to improve the employee loyalty?

5. Expected Findings

With the increase in household electrical appliance enterprises, home appliances market gradually saturated, coupled with the entry of international household electrical appliance enterprises, China's household electrical appliance enterprises significantly face greater problems, because the technology has matured, white goods manufacturers very competitive, employee turnover serious problem affecting white goods company in the world. The purpose of this study is to determine the factors, the cause of the problem. The research findings will help the white goods company to determine flow problems, and gives some suggestions retention policy. Then, they can minimize their losses and costs. It is important to know how to avoid the increasingly popular trend of job-hopping. The study will focus on the analysis of the problem to solve the loss of an effective strategy. This will help the white goods company to deal with related issues, and to improve their employee retention.

5. Conclusion

Since turnover has considerable impact on an organization performance, “Employee turnover” as a term is widely used in business circles. Nowadays it has become a global problem, affecting each organization around the world. Through an investigation of the human resource strategies, it is expected to improve the quality of workplace and the need to meet employers’ requirements at all levels within the organization.

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