

Research Article

Impact of Turnover on Organizational Efficiency: A Case Study of Dawlance Company

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Abstract: The research is conducted to investigate and analyse the impact of employee turnover on organizational effectiveness and employee performance, this study also highlights those factors which makes the employees less comfortable in DS Motors (Unique) Hyderabad Pakistan and provide possible solutions to reduce employee turnover. In this study we examine the increasing ratio of employee's turnover in DS Motors (Unique) that observed in the last couple of years. High rate of employee turnover negatively affects the organizational efficiency and decreases the productivity of the organization. The cooperative sampling strategy was used to select the participants/respondents. Self-administered survey questionnaires were distributed among 166 employees of DS Motors from which 135 were returned in a useful condition. SPSS (version 20.0) was utilized for statistical data analysis. The study findings suggest that salary is one of the reasons of employee turnover in DS Motors. The results of the study highlight that increasing rate of employee turnover increased workload to present employees of the organization. The evidences found in this study also highlights that high employee turnover reduce the productivity and quality of the product produced in the organization. The findings also highlight that employee turnover may cause customer dissatisfaction and disrupts the delivery of the products and reduce service provisions. Other findings suggested that poor and unhealthy working conditions and lack of advancement opportunities increase employee turnover in the organization. The recommendations highlighted in this study that top management must provide competitive remuneration to the employees of the organization and need to create career development opportunities and develop a communication network between employees and management of the organization. This study concludes with the future direction of the research.

Keywords: *Employee Turnover; Organizational Effectiveness; Turnover cost; Employee Performance; Competitive Remuneration*

1. Introduction

Employee turnover has a large impact on the productivity and efficiency of the organization and also affects other employee's performance. It is for these reasons that it is mandatory for the organization to understand the causes of turnover and identify some solutions. Following are some of the various causes

of employee turnover as described by various authors are employee turnover, lack of interest in work, job satisfaction, feedback, remuneration. According to Pernille et al., (2018), higher employee turnover reduces joint experience in the firm and disrupts the development and eventual exploitation of the firm's productive opportunity set. Hyo Sun Jung and Hye Hyun Yoon (2014) asserted that employees are positively associated with emotional dissonance, job stress, and turnover intent. However, employees' emotional dissonance did not have a significant, direct impact on turnover intent. In addition, employees' job stress was positively associated with turnover intent.

The costs of employees' turnover normally include advertising expenses, headhunting fees, resource management expenses, loss of time and efficiency, work imbalance, and employee training and development expenses for new joiners (Harrie, 2002). According to Carl Magnus Bjuggren (2017), increased labour market flexibility increases labour productivity. This increase is explained by total factor productivity and capital intensity rather than the educational level of workers. Generally, retention is a major issue across different occupation (c.f., Ahmed, Umrani & Chauhan, 2018).

1.1. Significance of the Study

This will help other researchers of Human resource to continue their research on this area with some other perspectives and can further elaborate the study and provide more solutions to reduce high employee turnover. Organizations can also take the benefit from this research for increasing the productivity and effectiveness of the employees. The findings of the study will help the management to mitigate the risk associated with the increasing rate of employees' turnover and take some initiatives to improve the productivity in Dawlance Company.

2. Literature review

Employee performance is based on their level of motivation. Highly motivated employees have less turnover intention because they are somewhere satisfied with their job. In the other hand those employees who are less motivated or have no motivation factor are more likely to switch their job or leave the organization (Imran. et al., 2017). Ahmed. et al., (2010) said that employee's satisfaction is the result of employees' happiness that is based on the incentives they received from the employers. Therefore, the employees have no reason to switch their job and the turnover reduces automatically.

According to Asta et al., (2005), labour Exchange plays a vital role in employee turnover because labour market is responsible to provide qualitative employees according to the requirements of employer. Therefore, Labour market is playing a very important role in striving to balance of labour force demand and supply in qualitative view point as well as warranting required level of skills. Because wider selection of inadequate employees can cause higher rate of labour turnover in organizations that leads towards unemployment. However, in the other perspective, expenditure on active labour market measures can directed toward high number of jobseekers. The unemployment rate in Pakistan was 5.9% in 2017 and GDP was spent on labour market policy (LMP) intervention.

According to Aizzat Mohd Nasurdin, et.,al (2018), employee turnover is one of the biggest obstacles in achieving the required scale of productivity. Performance appraisal, compensation and employment security can reduce turnover intention and increase organizational commitment.

Increased labour market flexibility increases labour market productivity because when employees are not protected and can be replaced or terminated according to their performance by the organization this will increase the productivity and employee performance. In this study a Swedish reform examined to analyse that increase in labour productivity does not seem to be a consequence of an increase in the educational level of the workers. The findings of the study suggest that increase in labour productivity was due to an increase of both TFP and capital intensity.

2.1. Early Employment Expansion and Long-Run Survival

The researcher investigates the circumstances under which early employment growth translates in to long-run survival using the Danish Integrated Database of Labour Market Research. This study based on the Penrose's theory, that suggests the relationship between early employment expansion and long-run survival is conditional on employee turnover. While previous studies focused on the short-run effects of high employment growth. The findings of the research suggest that there was a positive relationship between early employment growth and long-run survival is conditional on low employee turnover rate in the long-run, while early employment growth reduces long-run survival when employee turnover is high. The study also argues that initial employment growth associated with the high out-flow of key employees in the long-run. Therefore, this study has a contribution in the literature and includes another growth-limiting factor i.e., the development of productive opportunity set. This study shows that the stress of front-line employees in family style restaurants expressed through the emotional labour and emotional dissonance experience in work situations and stress is thus connected with the turnover intent and through effective stress control turnover intent can be reduced.

3. Research methodology

In this research we collected the data by using questionnaire method in which most of the questions are structured as close-ended, so the respondent is required to choose from a predetermined set of responses or scale point. The questionnaire not completely designed in structured format but we also remained some open ended questions where respondents can share their experiences and share their views as well. In this research the personal method of data collection was used, a questionnaire designed and handed over to the respondents who will complete it in a period of time or immediately and returned to the researcher to further administer the questionnaire if the respondents experience any difficulty in filling the questionnaire they can ask to the researcher.

4 Findings

Present study focuses on the data presentation which is collected from the questionnaire distributed to the participants. The main objective of this study is to investigate and analyse the impact of employee turnover on organizational effectiveness and employee performance in DS Motors (Unique). The researcher is thankful to the management of DS Motors for their complementary cooperation. In this study personal method of data collection is used and the targeted population is about 150 which comprises on the employees of production and HR department of DS Motors. The data was analysed using the Statistical Package of Social Sciences (SPSS) version 20 for windows.

In this chapter Section A deals with the demographic factors, Section B deals with the responses related to the organizational effectiveness and employee performance, Section C analyses the impact of employee turnover on organizational efficiency and Section D gives the solution suggested by the employees of the organization. The results are presented in the form of tables and charts. This study is quantitative in nature and out of 150 participants a very high rate of response is 77.5%.

4.1. Analysis of demographic data

This section comprises the demographical details of the respondents using a proper computation method.

As illustrated in the above Table 1, a total of 19.9% of the respondents participated in this study were between the ages 18-25 years old, while 13.9% of the respondents were between the ages of 26-35 years old. A total of 14.5% of the respondents were between the age of 36-45 years old, while 19.9% of the respondents

were between the ages of 46-55 and the rest of the targeted population which is 13.3% were between the ages of 56-and above.

Table 1: Age responses for each category

	Frequency	Percent	Valid Percent	Cumulative Percent
	31	18.7	18.7	18.7
Valid 18-25	33	19.9	19.9	38.6
26-35	23	13.9	13.9	52.4
36-45	24	14.5	14.5	66.9
46-55	33	19.9	19.9	86.7
56-ABOVE	22	13.3	13.3	100.0
Total	166	100.0	100.0	

According to Table 1, the age of the respondents in this research, a total of 19.88% of the respondents were between the age limit of 18-25 years, 13.66% of respondents were belong to the age limit of between 26-35 years, while 14.46% respondents were between the age limit of 36-45 years, a total of 19.88% respondents were between the age limit of 46-55 years and a total of 13.25% respondents belongs to the age limit of 55and above.

Table 2. Gender of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
	31	18.7	18.7	18.7
Valid MALE	124	74.7	74.7	93.4
FEMALE	11	6.6	6.6	100.0
Total	166	100.0	100.0	

Above Table 2 illustrates the gender of the respondents participated in this study. A total of 74.7% of were Male and 6.6% of respondents were female employees.

Table 3. Length of service of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
	31	18.7	18.7	18.7
Valid 1-5 YEARS	34	20.5	20.5	39.2
6-10 YEARS	34	20.5	20.5	59.6
11-15 YEARS	45	27.1	27.1	86.7
16-20 YEARS	22	13.3	13.3	100.0
Total	166	100.0	100.0	

As illustrated in the above Table 3, a total of 20.5% of respondents participated in the study were between 1-5 years of service, 20.5% of employees were between 6-10 years of service, while 27.1% of respondents between 11-15 years of service and the remaining were between 16-20 years of service in DS Motors.

Table 4.: Education level

	Frequency	Percent	Valid Percent	Cumulative Percent
	31	18.7	18.7	18.7
Valid Secondary Level	111	66.9	66.9	85.5
College Level	12	7.2	7.2	92.8
University Level	12	7.2	7.2	100.0
Total	166	100.0	100.0	

Above Table shows the educational level of employees working in DS Motors, a total of 66.9% of participants were only qualified the secondary level, 7.2% of respondents completed their college, while 7.2% employees had qualified from the universities.

4.2. Reasons for Employee Turnover

Table 5: Turnover experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	31	18.7	18.7	18.7
	NO	46	27.7	27.7	46.4
	NO	89	53.6	53.6	100.0
	Total	166	100.0	100.0	

As illustrated above in the Table 5, a total of 27.7% of employees said yes organization experience cases of employee turnover while 53.6% of participants in the study were said no that organization does not experience cases of employee turnover.

Table 6. Level of Employee Turnover

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very High	1	.6	.7	.7
	High	29	17.5	21.5	22.2
	Average	36	21.7	26.7	48.9
	Low	69	41.6	51.1	100.0
	Total	135	81.3	100.0	
Missing	System	31	18.7		
Total		166	100.0		

As illustrated in the above Table 6, a total of 17.5% employees were in favour of high level of employee turnover, 21.7% employees in favour of average level of employee turnover, while 41.6% respondents were in favour of low employee turnover and a very low proportion 6% of the participants were in favour of very high level of employee turnover.

Table 7: Spouse Relocation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	41	24.7	24.7	24.7
	NO	11	6.6	6.6	31.3
	NO	114	68.7	68.7	100.0
	Total	166	100.0	100.0	

Above Table 7 illustrates, a total of 6.6% of participants in the study were said yes spouse relocation is one of the reasons of employee turnover while 68.7% employees were said no; this is not a valid reason of employee turnover.

Table 8: Time and Distance Required to Travel to Work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	31	18.7	18.7	18.7
	NO	11	6.6	6.6	25.3
	NO	124	74.7	74.7	100.0
	Total	166	100.0	100.0	

As illustrated in the above Table 8, a total of 6.6% of respondents consider time and distance of workplace as an important factor in high employee turnover while 74.7% employees do not consider time and workplace distance as an important factor of employee turnover.

Table 9. Work stress

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	31	18.7	18.7	18.7
	NO	135	81.3	81.3	100.0
	Total	166	100.0	100.0	

As illustrated in the above table 9, a total of 81.3% employees do not consider work stress a valid reason of employee turnover while rest of the employees were not answering this question.

Table 10 Conflicts with Supervisors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		31	18.7	18.7	18.7
	YES	11	6.6	6.6	25.3
	NO	124	74.7	74.7	100.0
	Total	166	100.0	100.0	

As illustrated in the above Table 10 a total of 6.6% employees are in favour that conflicts with supervisor can cause employee turnover in the organization while 74.7% of the respondents did not consider conflicts with supervisor as a cause of turnover.

Table 11: Effects of Organizational Policies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		31	18.7	18.7	18.7
	YES	11	6.6	6.6	25.3
	NO	124	74.7	74.7	100.0
	Total	166	100.0	100.0	

As mentioned in the above Table 11, a total of 6.6% respondents consider strict organizational policies as a cause of employee turnover while 74.7% employees did not consider strict organizational policies as a cause of turnover in the organization.

Table 12: Dissatisfaction with Salary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		31	18.7	18.7	18.7
	STRONGLY AGREE	90	54.2	54.2	72.9
	NEUTRAL	45	27.1	27.1	100.0
	Total	166	100.0	100.0	

As illustrated in the above Table 12 a total of 54.2% of the respondents were strongly dissatisfied with the salary they getting in the organization while 27.1% of the respondents were given neutral response they were not satisfied nor completely dissatisfied with the salary given by the organization.

Table 13: Lack of Opportunities for Career Advancement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		31	18.7	18.7	18.7
	STRONGLY AGREE	90	54.2	54.2	72.9
	NEUTRAL	45	27.1	27.1	100.0
	Total	166	100.0	100.0	

As the above Table 13 illustrated that a total of 54.2% of the respondents in the study were strongly agree that the organization does not provide any opportunity for career advancement while 27.1% of the respondents were neutral they were not agree nor completely disagree.

Table 14: Dissatisfaction with Working Conditions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		31	18.7	18.7	18.7
	STRONGLY AGREE	33	19.9	19.9	38.6
	NEUTRAL	102	61.4	61.4	100.0
	Total	166	100.0	100.0	

As illustrated in the above Table 14, a total of 19.9% of employees were strongly dissatisfied with the working conditions in the organization while 61.4% of the respondents were neutral in their response they were not satisfied or nor completely dissatisfied with the working conditions in the organization.

Table 15: Employee involvement in Decision Making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	NEUTRAL	33	19.9	19.9	38.6
	Total	102	61.4	61.4	100.0
	Total	166	100.0	100.0	

As the above Table 15 illustrated, a total of 19.9% of the participants strongly agree that staff members not involved in the decision making while 61.4% of the respondents were neutral in their response they were not agree nor disagree with the statement that staff members not involved in decision making in the organization.

Table 16. Lack of Employee Assistance Programmes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	NEUTRAL	90	54.2	54.2	72.9
	Total	45	27.1	27.1	100.0
	Total	166	100.0	100.0	

As the above Table 16 illustrated, a total of 54.2% of the respondents were strongly agree that there is a lack of employee assistance programmes in the organization while 27.1% were neutral in their response.

Table 17. Input not appreciated

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	AGREE	22	13.3	13.3	31.9
	NEUTRAL	57	34.3	34.3	66.3
	Total	56	33.7	33.7	100.0
Total	166	100.0	100.0		

As illustrated in the above Table 17, a total of 13.3% of the participants were strongly agreed that there input was generally not appreciated in the organization, 34.3% employees agreed that input not appreciated while 33.7% of the respondents were neutral in their response.

Table 18. Work Boredom

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	NEUTRAL	22	13.3	13.3	31.9
	DISAGREE	102	61.4	61.4	93.4
	Total	11	6.6	6.6	100.0
Total	166	100.0	100.0		

As illustrated in the above Table 18, a total of 13.3% of the respondents were strongly agree with the statement that work boredom is the cause of turnover, 61.4% of the respondents were given neutral responses while 6.6% were disagree with the statement.

Table 19. Employees turnover Effects on Organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	31	18.7	18.7	18.7
	NO	113	68.1	68.1	86.7
	Total	22	13.3	13.3	100.0
	Total	166	100.0	100.0	

As illustrated in the above Table 19, a total of 68.1% of the participants were in favour that employee's turnover affects organization while 13.3% were not in favour that turnover affects organization.

Table 20. Turnover and wastage of resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEUTRAL	31	18.7	18.7	18.7
	Total	135	81.3	81.3	100.0
		166	100.0	100.0	

As illustrated in the above Table 20, a total of 81.3% of the respondents were neutral in their response while rest of 18.7% of the responses were missing.

Table 21. Reduction of Work Productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEUTRAL	31	18.7	18.7	18.7
	Total	135	81.3	81.3	100.0
		166	100.0	100.0	

As illustrated in the above Table 21, a total of 81.3% of the respondents were neutral in their response they were not agreed nor disagree with the statement that high employee turnover reduces work productivity while 18.7% of the responses were missing.

Table 22: Reduction of Product Quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	NEUTRAL	11	6.6	6.6	25.3
	Total	124	74.7	74.7	100.0
		166	100.0	100.0	

As illustrated in the above Table 22, a total of 6.6% of the participants were strongly agreed that reduction of qualitative product causes customer dissatisfaction while 74.7% of the respondents were neutral in their responses.

Table 23: Turnover and Customer Dissatisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	31	18.7	18.7	18.7
	NEUTRAL	11	6.6	6.6	25.3
	Total	124	74.7	74.7	100.0
		166	100.0	100.0	

As illustrated in the above Table 23, a total of 6.6% of the participants were strongly agreed that high turnover causes customer dissatisfaction while 74.7% of the respondents were neutral in their responses.

5. Conclusion

This chapter focuses on the conclusion and recommendation of the study. DS Motors is one of the organizations that experience a high rate of employee turnover. The main aim of the study was to investigate the causes of employee turnover and analyse the impact of turnover on the organizational effectiveness and on employee performance.

The conclusions are drawn by the research to answer the main research questions and the recommendations given by the researcher to the top management to reduce employee turnover.

6. Recommendations

After an empirical analysis of the results some recommendations derived for DS Motors (Unique) from the conclusion of the research.

- Top management should take some initiatives to create career advancement opportunities for the employees of the organization. Career advancement opportunities will boost the morale of the employees and may help employees to become more competent.
- Top management must appreciate the input of the employees and provide competitive remuneration to motivate the employees and retain them in the organization.
- Top management should improve the working conditions of the organization must provide a hazard free, safe and comfortable environment to the employees of the organization.

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