

Employee Turnover and Organisational Performance: A Case study of a Private College

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Abstract: The research sought to find out the relationship between turnover and organisational performance. The study was qualitative. In-depth face to face interviews were carried out. The sample included employees, former employees, the community i.e. parents of the students and the students. For the employees, parents and students convenience sampling was used. The researcher managed to access the parents, students and teachers during sports breaks on a sports day. In order to access the former employees snowballing sampling was used. This is a non probability technique where existing participants help to recruit the other participants from their network (Rossman and Rallis 2003). The advantage of this sampling technique is that after interviewing the initial subject the researcher is able to identify people with similar traits, interests, experiences and knowledge. The interviews were recorded by an audio tape recorder, later transcribed, presented and analysed. For data presentation and analysis the data was presented in themes and analysed using thematic content analysis. The sample was saturated at a total of 57, 15 former employees, 12 current staff members, 21 students and 9 parents. If staff turnover is ignored the organisation may suffer from bad image through grievances from dissatisfied customers and demotivated employees. This will cause the organisation not to achieve its objectives. Employees must be given salaries that are market related in the case that the employer is facing challenges he must clearly communicate to the employees and other relevant stakeholders. The study recommends that the college must reduce staff turnover. It must come up with retention strategies that must be communicated to every employee and adhered to. The organisation must also offer working conditions that motivate the staff. If the employees have low morale their attitude towards work will result in poor performance. The employer must always involve the employees in decision making especially on matters that affect the employee. They should also come up with a performance based pay.

Keywords: Employee turnover, organisational performance, private college, service delivery.

I. INTRODUCTION

The College is faced with a high rate of staff turnover which has led to poor employee performance which in turn impacts on organisational effectiveness. When an employee leaves the organisation the present employees have to fill the gap until a new employee is appointed. The cost must not only be measured financially 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 high absenteeism. The College spends a lot of money on the recruitment and training of new staff members each year due to high turnover rates and there are numerous complaints from the community mainly the parents of the students regarding the performance of employees at the College. For example at times some students do not receive their lectures and tutorials because they will be no teacher to teach them. The statement of the problem is that the effects of staff turnover on organisational and students performance are being ignored. The objectives of the study were:

- To investigate the causes of staff turnover at the college
- To determine what impact staff turnover has on employee performance at the college
- To recommend strategies that can be used to reduce the high level of staff turnover.

II. LITERATURE REVIEW

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 (2007:119) state that employees have to work extra hours to compensate for the work of those that have resigned. Steers (2002:217) states that staff turnover is costly and disruptive. Costly, as it reduces the output and disruptive, as it requires that schedules and programmes to be modified.

Gardner (2009:11) asserts that staff turnover may have devastating effects on service rendered by the organisation and these may bring deficits in meeting customer demand. This leads to customer irritation and increase in complaints. Mullins (2005:76) states that organisations that create work environments that attracts, motivate and retain hard working individuals will be better positioned to succeed in a competitive environment that demands quality and cost efficiency. Ekinci and Riley (2000:211) also agree that it is critical to understand that interdependent relationship exists between employee satisfaction and customer satisfaction and that the organisation needs to focus on both these components.

Numerous studies have been conducted to investigate the underlying relationship between staff turnover and performance in organisations (Clark-Rayner and Harcourt, 2000). Hendry (2012) argues that while staff turnover can impact positively on the performance of organisations, it is associated with negative impacts in most cases. This is because the loss of experienced employees can be harmful to the organisation because it may interfere with the output within the organisation. Muhammad et al (2013) identified four key ways through which staff turnover can impact on the performance of an organisation which include productivity and efficiency, financially, quality attributes and customer satisfaction, and innovation.

Achieving optimal financial performance is one of the key performance goals in every organization, as indicated by Armstrong and Armstrong (2011). High staff turnover within organisations has been empirically found to have negative effects on the financial performance of organisations. According to Muhammad et al (2013), replacing employees can cost an organisation three times more than the value that the employees will contribute to the organisation within a year. This is because new employees need to be trained, as the outgoing employees also need to be compensated based on the reason why the employee left the organisation.

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III. METHODOLOGY

The study was qualitative. In-depth face to face interviews were carried. The sample included employees, former employees; the community i.e. parents of the students and the students. For the employees, parents and students, convenience sampling was used. A convenience sample is one where the units that are selected for inclusion in the sample are the easiest to access. The researcher managed to access the parents, students and teachers during sports breaks on a sports day. In order to access the former employees snowballing sampling was used. This is a non probability technique where existing participants help to recruit the other participants from their network (Rossman and Rallis 2003) .The advantage of this sampling technique is that after interviewing the initial subject the researcher is able to identify people with similar traits, interests, experiences and knowledge. During the interviews the participants were asked to answer the following questions,

- What are the causes of staff turnover at the college? This was directed to former employees and the current employees
- How does staff turnover affect organisational performance at the college? This was directed to all the participants
- What strategies can you recommend that can be used to reduce the high level of staff turnover? This was also directed to all participants.

The interviews were recorded by an audio tape recorder, later transcribed, presented and analysed. For data presentation and analysis the data was presented in themes and analysed using thematic content analysis. The sample was saturated at a total of 57, 15 former employees, 12 current staff members, 21 students and 9 parents

IV. FINDINGS AND DISCUSSIONS

Out of the 15 former employees 13 stated that their major reason for leaving the college was that the employer was failing to pay them their salaries as agreed on the contracts despite all the effort they did put in recruiting students, fund raising and making sure that students pay their fees on time. One said he left to further his studies and another one said she left for greener pastures. Most of them also agreed that besides poor management of money the Principle and his senior team had poor communication skills. They stated that management never called for meetings to address the challenges they were facing and how they intended to solve them. The current employees' answers concurred with those of the former employees and they said that the reason why they are still with the college is that they haven't found greener pastures yet and the state of the economy wasn't allowing them to go home and just seat. They said that they survive with the moneys they are paid by the student for extra lessons.

The students complained that high staff turnover affected their learning a lot. All of them agreed that they are behind the syllabus as every term they miss some lessons because of the gap that would have been created by the teacher who would have left. They also said that this leads to pass rate drop. This obviously affects the objectives of the college as every college wants high pass rates for good reputation. The parents had the same sentiments with the students. They said that instead of building a good name the school is building itself a bad name since it is failing to deliver as they promised due to high staff turnover.

The findings concur with other previous studies as shown in the following paragraphs. Quality attributes of a service plays a central role in determining customer satisfaction in any organisation. Since quality may be tangible and non-tangible brand associations, organisations ought to ensure that they keep talented and experienced employees who will uphold the standards required in the organisations to maintain product and service quality (Muhammad et al, 2013). The students and the parents were not happy with the service quality of the college. Armstrong (2011) suggests that, employees with prior experience in maintaining a particular quality cue are more effective than their counterparts with no such experience. Initially when the college started it had staff with a lot of relevant experience and qualifications. Currently most of the staff does not have relevant qualifications and experience. This has a negative impact on service delivery. This implies that, high staff turnover can negatively impact on quality levels within an organization which can lead to low customer satisfaction. Considering that high staff turnover leads to the loss of experienced employees who are replaced with new inexperienced ones (Ton & Huckman, 2008); it usually becomes difficult for the organisation to maintain standardized quality attributes in their products and services. While sometimes staff turnover can bring new talents into the organisation, and hence lead to improved quality within the organisation, most of the past empirical studies (e.g. Muhammad et al 2013) have revealed that high employee turnover only has negative impact on quality attributes with an organisation.

High staff turnover within organisations has been empirically found to have negative effects on the financial performance of organisations. Financial performance is one of the key performance goals in every organization. This is because new employees need to be trained, as the outgoing employees also need to be compensated based on the reason why the employee left the organisation. The other reason for poor financial performance within the college is that there is a high number of students leaving the college mainly because of poor customer satisfaction. The college is also recruiting staff without relevant teaching qualifications and they end up spending a lot of time and money on internal trainings. Kirby (2005) argues that staff turnover may not be healthy for an organisation financially because inexperienced employees are characterized by high inefficiencies and high expenses. More so, high staff turnover also leads to burnouts among the employees which may largely impact on the effectiveness within the organisation, leading to the overall reduced financial performance within the organisation (Ellickson, 2002). It can therefore be argued that, financial performance is usually negatively affected by high staff turnover in organisations.

V. CONCLUSION

The study focused on employee turnover and organisational Performance. Staff turnover maybe caused by poor communication, poor remuneration and working conditions. If staff turnover is ignored the organisation may suffer from bad image announced by dissatisfied customers and demotivated employees. This will cause the organisation not to achieve its objectives. Employees must be given salaries that are market related, in the case that the employer is facing challenges he must clearly communicate to the employees and other relevant stakeholders

VI. RECOMMENDATION

The study recommends that the college must reduce staff turnover. It must come up with retention strategies that must be communicated to every employee and adhered to. The organisation must also offer working conditions that do not demotivate the staff. If the employees have low morale their attitude towards work will result in poor performance. The employee must always involve the employees in decision making especially on matters that affect the employee. They should also come up with a performance based pay.

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