Organizational and Economic Mechanism of Staff Turnover Management

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Abstract. In the current crisis conditions caused by the global challenges of the 21st century: globalization, digitalization, and the COVID-19 pandemic, issues of key staff turnover management are of particular importance. The need to rethink existing approaches to staff turnover management, as well as to identify additional reserves for the development of the organizational and economic management mechanism determines the choice of the research topic, its theoretical and applied significance. The purpose of the research is to develop theoretical and methodological foundations and scientific and practical recommendations for the formation of an organizational and economic mechanism for managing staff turnover. For that purpose, the article analyzes the scientific views on the content of staff turnover and identifies its features in modern economic conditions; the factors of staff turnover in the organization are systematized and clarified; the reasons and motives for turnover are identified, that leads it to dismissal. The modern concept of personnel turnover management in the organization is proved; the organizational and economic mechanism of staff turnover management in the organization is developed.

Keywords: Factors of turnover · Motives of turnover · Organizational and economic mechanism of turnover management · Reasons for turnover · Staff turnover · Staff turnover management

1 Introduction

Nowadays, one of the most important strategic management task in the company is to ensure the sustainability of its operations in the current economic realities, during the crisis caused by the global challenges of the 21st century: globalization, digitalization, and the COVID-19 pandemic. One of the problems caused by the instability of the Russian economy is the growth of staff turnover in organizations of different types and forms of ownership [9]. This problem requires attention from employers, because the ability to attract and retain the best staff is a crucial competitive advantage that will determine the current and future profitability of most companies. It is not a surprise that increasing attention is being paid to employee retention and the costs of high staff turnover.
It should be noted that it is the staff turnover rate that reflects both the mobility and stability of the organization’s personnel. The turnover rate growth contributes to the growth of employees’ dissatisfaction with the company, work, and working conditions. This affects many aspects of personnel management: staff selection, training system, compensation and benefits, staff adaptation, social and psychological climate, and so on [11].

The scientific elaboration of this topic, despite a fairly large number of different studies and publications, is rather disunited and practical, than holistic and theoretical. Economic studies analyze the material issues, focusing primarily on profit, rather than on the employee, considering the interests of the company above individual employees. Sociological research carefully analyzes human capital, considering it as the main one, taking into the consideration financial issues and tasks. Such one-sided approaches do not reflect the whole picture, and consider individual components without taking into account their connections and interdependence.

The complexity of this issue studying is due to the lack of optimal solutions and the ideal action plan, the reason is that this issue depends too much on the scope of activities of the organization, the specifics of the organization of work, distribution of responsibilities, organization capabilities and even the country in which the organization operates [14]. Thus, in modern conditions, issues on managing the turnover of organizations’ key staff is particularly important.

2 Methodology

A retrospective analysis of the problem has shown that during the Soviet period in Russia, a stereotype which means that staff turnover is an unmanageable process that causes only negative consequences. It was understood that staff turnover was only a subject to complete elimination. This was due to the fact that staff turnover could spoil the stability factor of the team, which was then considered one of the main characteristics of the team at work. The fact that the turnover of employees is a process necessary for the development of the team, which reduces the possibility of “obsolescence” of the team or “stagnation”, was not considered at that time. Nowadays, the attitude to staff turnover has changed. Staff turnover, as a social and economic phenomenon, began to be understood in a different way. The reasons for this were the changed conditions in the economy: intensification of production, implementation of new technologies. These changes have led to a situation where the market is formed by the labor oversupply. Employees began to freely choose where they want to work. The above factors influenced the mobility of workers. Employees began to move between companies in different directions (for example, territorial or professional directions).

There is no generally accepted definition of staff turnover at the moment, and scientists take the turnover differently. A number of researchers believe that staff turnover refers to unorganized employee layoffs [12]; other scientists consider turnover as the result of an imbalance in the system of competitiveness in the domestic labor market [13]. In the framework of the following approach, staff turnover is presented as a social phenomenon caused by the different interests of employers and employees [10]. Some scientists understand staff turnover through all types of dismissals,
regardless of whether they are organized or spontaneous [8]. Foreign researchers mainly consider staff turnover as a result of inefficient management of the organization and a source of additional financial costs [3, 15]. Integrating fundamental aspects of the reviewed approaches, we can define the staff turnover as a form of social and labour movement of the organization staff, caused by the imbalance of interests of the internal labour market subjects in the interaction of socio-economic, socio-psychological factors, etc.

3 Results

Staff turnover depends on a variety of factors represented by phenomena and processes that directly or indirectly affect the occurrence of staff turnover in the organization. Among the factors of staff turnover, we can distinguish [2, 7]: external factors, including political, socio-economic, market, and climatic factors; internal factors, including objective (organization management system, personnel management system) and subjective (biological, professional, personal, psychological, motivational and labor characteristics of employees).

Unsatisfactory from the employee’s point of view, the state of internal factors can be considered as the causes of staff turnover, transferring it from a potential state (prepossession to staff turnover) to an active one (readiness for staff turnover) [5].

The employee’s awareness of the discrepancy in the state of a particular factor in the social and labor sphere leads to the formation of turnover motives that encourage employee to leave the organization. According to the results of a meta-study by a group of scientists, the main motives for staff turnover are the following (Fig. 1). Thus, to manage staff turnover, it is necessary to constantly monitor and evaluate the factors of staff turnover in order to prevent them from developing into motives of staff turnover [6].

Staff turnover management is considered as the process of identifying, evaluating, and monitoring internal and external factors that may affect the organization’s staff turnover. Staff turnover management is a systematic process that begins at the stage of developing a personnel strategy and permeates the entire staff management system of the organization [16]. Organizational and economic mechanisms for managing staff turnover are represented by the following components (Fig. 2).

The main element of the developed organizational and economic mechanism for managing staff turnover is the method of qualitative evaluation of staff turnover. The main point of the practice is to evaluate all factors of staff turnover and rank them both by the influence degree on the organization’s activities and by the significance of staff for such activities [1].

To identify and evaluate staff turnover factors, a survey is conducted using a specially designed questionnaire, in which employees are asked to select and evaluate staff turnover factors based on two criteria:

- impact degree (consequences scale) for the organization (range - from minimal to critical consequences) [V].
The integral evaluation of staff turnover factors is performed using the following formula:

$$ F_i = f(V_i, Z_i) = \frac{\sum (V_{ik} \times Z_{ik})}{n}, \quad k = 1 $$  \hspace{1cm} (1)$$

where $F_i$ is the level of the $i$-th staff turnover factor;

$V_{ik}$ - evaluation of the influence degree (consequences scale) of the $i$-th factor by the $k$-th employee;

$Z_i$ - significance for the employee (range - from insignificant to the most significant factor) - [Z].

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$V_{ik}$ - evaluation of the influence degree (consequences scale) of the $i$-th factor by the $k$-th employee;
Zik - evaluation of the significance of the i-th factor of k-m employees; k-employee number – (from 1 to n).

Its ranking and creation of staff turnover profile in the organization is implemented on the basis of the values evaluation of the staff turnover factors.

The staff turnover profile of an organization is a dynamic characteristic of staff turnover in the form of a ranked list of turnover factors evaluated by two criteria: the consequences number for the organization and the significance for employees. Analysis of the staff turnover profile allows you to identify those factors of turnover that have a significant negative impact on the organization’s activities and its personnel. You should regularly update the staff turnover profile in order to analyze changes in this profile, identify trends in organization staff turnover and on this basis form measures to manage staff turnover.
4 Discussion

The method of qualitative evaluation of staff turnover was tested at an industrial enterprise, the evaluation of turnover factors is shown in Table 1, Fig. 3 shows the profile of staff turnover.

| №  | Staff turnover factor                               | The number of consequences for the organization | Significance of the factor for the employee | Outcome evaluation |
|----|-----------------------------------------------------|------------------------------------------------|--------------------------------------------|--------------------|
| 1  | Inefficient remuneration system                     | 0.82                                            | 0.7                                        | 0.76               |
| 2  | Non-standardized working hours                       | 0.78                                            | 0.54                                       | 0.66               |
| 3  | Adverse working conditions                           | 0.78                                            | 0.62                                       | 0.7                |

Source: authors.

Factors shown in Fig. 3:

1. Inefficient remuneration system.
2. Non-standardized working hours.
3. Adverse working conditions.
4. Adverse social and psychological climate in the team.
5. Inefficient work organization.
6. Lack of initiatives and creativity stimulation measures.
7. Lack of career opportunities in the organization.
8. Lack of staff adaptation.
9. Lack of measures aimed at the formation of the staff cohesion.
10. Subjective methods of staff appraisal.
11. Irrational organizational structure.
12. Lack of the social package.
13. Lack of additional medical insurance program.
14. Lack of additional retirement insurance program.
15. Training goals do not correspond to the interests of employees.
16. Lack of conditions for professional development.
17. Low level of labor discipline at the enterprise.
18. Low professional level of the enterprise’s management.
19. An undeveloped communication system.
20. Lack of measures to increase staff loyalty.
21. An undeveloped system of work measurement and regulation.
22. Presence of conflicts.
23. Undeveloped social infrastructure of the enterprise.
24. The irrationality of work and rest modes.

The analysis of the formed staff turnover profile has shown that 8 factors belong to the area of high significance: inefficient remuneration system, non-standardized working hours, adverse working conditions, inefficient work organization, adverse social and psychological climate, lack of initiatives and creativity stimulation measures, lack of career opportunities in the organization, lack of staff adaptation.

If we talk about the main directions of solving the problem of high staff turnover at the analyzed enterprise, we need to use the following methods:

- review of the recruitment process,
- improving the system of material and non-material motivation,
- implementation of a system for monitoring the workload of employees in order to prevent their burnout,
- creation and maintenance team spirit,
- creation of comfortable working conditions,
- organization of the employee adaptation system.

5 Conclusion

Competent management of staff turnover by the organisation’s management team is the main factor that can affect the dangerous situation for the company when employees quit regularly. By implementing effective measures that help employees feel confident, in-demand, and comfortable, the management will improve the organization’s performance and reduce staff turnover to zero. Thus, the implementation of the proposed methodological approach to managing staff turnover will be an important direction for improving the efficiency of organizations.

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