Employment Transitions: Issues Bordering On Voluntary and Involuntary Turnover in Organizations

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Abstract

Most employees make a number of transitions between jobs during their working lives. These may include both job changes within a single employer and quitting one firm to another firm. Also, organizations may decide to sack employee because of insubordination or poor performance. Therefore, this present study reviewed issues bordering on employee voluntary and involuntary turnover in organizations. The work concluded that departure from the organization can be classified as voluntary or involuntary. The study also recommended that retention management programmes should attempt to discover why employees quit or stay, then act to keep the most valuable employees by addressing their concerns.

Key Words: Employment Transition, Voluntary, Involuntary, Organization, Employee, Turnover, Management.

Introduction

Much attention has been given to selecting, training, motivating employees. Equally important however, is understanding the circumstances in which employees transition take place within organizations or leave them altogether. Most employees want to have a feeling of growth and progress through a series of jobs. Thus, transition is exit from the organization. Departures from the organization can be classified as voluntary, in which the employee makes a decision to leave, or involuntary, in which the employer terminates the employee (Read, 2001). Voluntary turnover has been an increasing concern for many organizations in the tight labor market of the turn-of-the century boom (Throne, 2001). Average tenure has declined sharply, especially in industries as information technology. When the basis for competition is intellectual capital and skilled employees, organizations with a high rate of employee turnover are severely handicapped. Another form of (usually) voluntary turnover is "retirement". With the aging of the large baby-boom cohort, this is an increasingly important issue for organizations to plan and manage (Hutchinson et al, 2000). Also, involuntary exit may occur when employees are discharged for inappropriate behaviour or substandard performance (Okere, 2019). There are legal issues to be considered in disciplining and discharging employees for cause, and employers must ensure that their processes minimize the risk of litigation as well as nurture the perception of fair treatment among all employees. Another form of involuntary exit occurs when employees are retrenched or laid off because the employer no longer needs their services (Throne, 2001). While this can happen at any time when a business reorganizes or experiences a setback, it is a widespread concern in periods of slower economic growth. The high rate of mergers over the past decade has also been accompanied by large-scale retrenchments of surplus employers (Read, 2001). George et al (1995) posit tat distinctions among the different types of organizational exit have important practical implications. For example, a common concern of human resource managers is whether or not a departing employee is eligible for unemployment compensation. When an employee voluntarily leaves a job or is fired for some good reason he or she is not eligible to receive unemployment benefits. George et al (1995) said only when employees lose their jobs through no fault of their own (as in layoffs) are entitled to unemployment compensation.

Voluntary Turnover in Organizations

Hipple (1998), highlight that after a decade and a half of downsizing, employers are now frantically scrambling to keep employees rather than get rid of them. Rates of voluntary turnover are up nationwide and are especially severe in high-demand occupations such as information technology and in traditionally low-commitment work in retail and food services. For example, Anoy (2001) noted that the average annual turnover rate of hourly staff in fast food restaurants averaged 123% in 1999, while the turnover of salaried staff in the same sector was 100%. Turnover in high-tech industries is estimated at 30% per year.

Causes of Voluntary Turnover in Organization

Turnover has been intensively studied for decades, and there are literally hundreds of studies or variables that help predict quitting. Traditionally, most research on why employees quit has considered two classes of variables: those external to the organization and those internal to the organization (Patrick, 2000). External factors include the unemployment rate and employee's perceptions of the external job opportunities available to them. Turnover is higher when unemployment in the labour market is low so that alternative employment appears readily available to job leavers. Barry (1990); Griffith et al (2000); Hom and Griffeth (1995), says even in a poor labour market, if an employee believes that he or she can easily find superior alternative employment, the propensity to turnover will be higher.

Internal factors are usually based on the employee's attitudes or perceptions with respect to the current job (Erwin, 2001). The attitudes of job satisfaction and organizational commitment are usually significant predictors of a decision to quit, with leavers being less satisfied and less committed than stayers. Employees are also more likely to leave if they believe that the organization treats them unfairly; if they have a poor relationship with their manager; if job requirements are conflicting, unclear or stressful; or if opportunities for growth, skill development, and promotion are lacking (Griffith et al, 2000). This sound like a description of a typical call-center environment, perhaps it is not surprising that turnover in this sector tends to be high. A great of research has confirmed that these attitudes and perceptions are correlated with turnover, but the relationships are not especially strong (Judy, 2001). A new predictor of staying versus quitting has been proposed

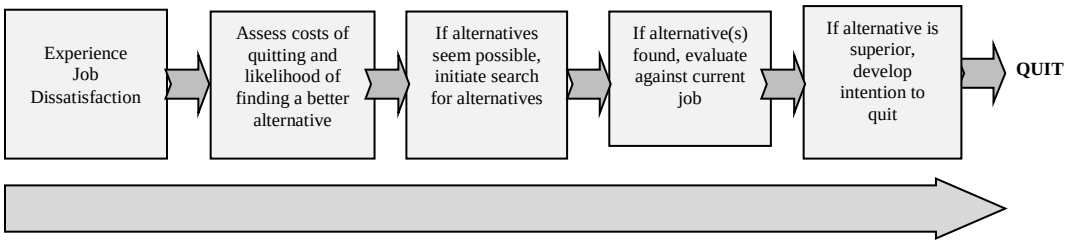
that shows some promise that is "the embeddedness" of the employee in the job setting (Hom and Griffeth, 1995). This approach considers that employees have a web of links and relationships between their family lives, work lives, and community. When these links are numerous and tight, employees are less likely to quit. Leaving a job means leaving the work itself , work friends, employer-provided development programmes, and other work-related activities such as a company softball team. Okere (2019), believe that leaving a job often means moving out of the community that is, leaving a spouse's job, a house, a school, a church, hobby clubs, and non-work friends. If the individual fits the job and community well and has developed many links, it is a substantial sacrifice to sever these links by quitting the job. Other sacrifices may also occur if the employee must forgo unvested pension benefits, a company car, or other benefits based on seniority such as eligibility for sabbaticals. Mitchell et al (2001); Mitchell et al (2001) researches have shown that embeddedness contributes to the prediction of turnover above and beyond measures such as job satisfaction, organizational commitment, and the perception of viable employment alternatives.

How Do Employees Decide to Quit?

In addition to identifying predictors of turnover, Hom et al (1992); Mobley (1977); Mobley (1982) have investigated the process of deciding to quit a job. It turns out that the decision to quit can be made in different ways and in response to different stimuli. The traditional model of turnover, exemplified in a book published by Mobley (1982), suggest that the decision to quit is, made in a logical and step-by-step fashion, largely in response to dissatisfaction with the present job as shown in Figure 1. Individuals begin by evaluating the current job and level of satisfaction or dissatisfaction. If they are dissatisfied, they may begin to think of quitting, then assess the costs of quitting and the costs and likely success of searching for an alternative job is located before the current job is left. In another research Lee and Mitchell (1994); Sheridan (1985) found that sometimes, about 25% of the time, individuals leave one job before beginning to search for another. This may occur because they are suddenly and extremely unhappy in the old job or because they are highly confident of locating a new job with ease. Further, many people leave jobs not because of growing dissatisfaction but because of a single precipitating incident or "shock to the system". The incident can be negative and job-related such as being passed over for a promotion, receiving a bad performance review,

or having a fight with a boss or peer. These negative work events can be relatively minor but still serve as "the last straw" that causes a sudden decision to leave. Not all shocks are negative events on the current job. A shock can also be positive and external, such as receiving an unsolicited job offer or being approached by a headhunter. The shock that initiates quitting could be an off-the-job event such as becoming pregnant, a spouse being transferred, or being accepted to graduate school (Lee and Mitchell, 1994; Sheridam, 1995).

Figure 1: Traditional Model of Deciding to Quit



Strategic Management of Voluntary Turnover in Organizations

Studies have provided information on why and how individuals choose to quite. The question is how organizations should respond. Is all voluntary turnover bad, and should achieving a low turnover rate be a priority for all organizations for all their employees. As with so many decisions in strategic human resource management, it depends. Organizations must consider the costs and benefits of turnover in a particular situation and balance these against the costs of retention as explained below.

Table 1: Costs and Benefits of Voluntary Turnover

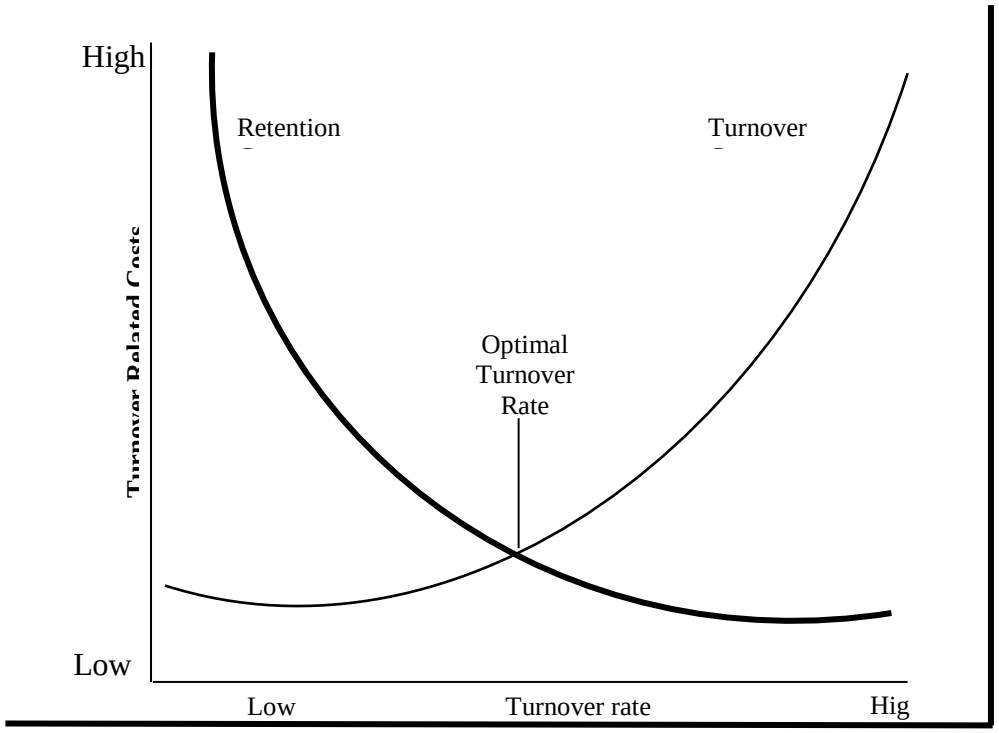
Costs of Turnover	Benefits of Turnover
Exit Costs	
Exit interviews	Poor performers may choose to leave and can be replaced with better employees.
Farewell parties on work time	
Administrative time to process final pay, close retirement accounts, etc.	Leavers are replaced with more junior employees who cost less
	Morale improves following

Replacement Costs	departure of problematic employees. Leavers are replaced with people with more up-to-date technical skill.
Recruitment adverting Selection testing, interviewing, reference checking	Vacancies are created to allow for internal promotions of other employees, thus increasing their career satisfaction and motivation
Hiring bonuses, relocation costs New employee orientation	Receptiveness to innovation and change may increase.
Administrative costs to add to payroll, enroll in befits etc. Formal training Informal mentoring and coaching of new employees by supervisors	Voluntary turnover is less painful than retrenchments.
Other Costs	
Lost business due to client loyalty to departing employees Lost business or poor quality due to short staffing before replacement, or lower skills before new hires are up to speed. Expenses of hiring temporaries or paying overtime while awaiting replacements Reduced morale of those remaining, increased stress on those remaining while short staffed or breaking in replacements. Reduction in company's reputation as an employer when many staff choose to leave; reduced ability to recruit in the labour market. Inability to pursue growth or other	

business opportunities due to lack of staff.	
Loss of training dollars invested in departing employee	

Costs and Benefits of Turnover to the Organization: The departure of an employee says Beverly and Sharon (2000); Suzanne (1999) can have considerable costs, as outlined in the left side of Table 1. It is possible, though not easy, to put figures on these costs to estimate the actual money loss from the departure of an employee (Cascio, 1991). According to Mitchell et al (2001) in the tight labour market of the early 2000s, employers are clearly being hurt by the departure of valued staff and have begun to act more aggressively to retain their employees. This situation might lead one to believe that all turnover is dysfunctional and that the lowest possible rate of Voluntary turnover would be the best. However, this is not necessarily true. Turnover also has benefits, as shown in the right side of Table 1. An organization with a turnover rate that is too low may become stagnant and hidebound, lack opportunities for employers to move up, and retain poor performers it would better off without. Current thinking suggests that organizations should aim for an "optional rate of turnover" rather than the lowest possible rate. Mitchell et al (2001), suggest that the optimal rate occurs where the curve of turnover cost crosses the curve of retention costs, as shown in Figure 2. As the turnover rate increases, so do the costs of replacement and lost of productivity. The organization can reduce turnover, but only by incurring retention costs, such as higher wages, better benefits, quality of –work-life and development programmes etc. The point at which these two curves represents the lowest total cost and thus the optimal turnover rate for the organization (Lee and Mitchell, 1994). This type of analysis suggest that a relatively high turnover rate may sometimes be less costly than a lower one. Consider the case of fasts food preparation employees. Turnover tends to be quite high, and wages are quite low. If wages were doubled or tripled turnover would surely drop, but this strategy would not be cost-effective since replacing fast food workers is fairly inexpensive.

Table 2: Optimal Organizational Turnover

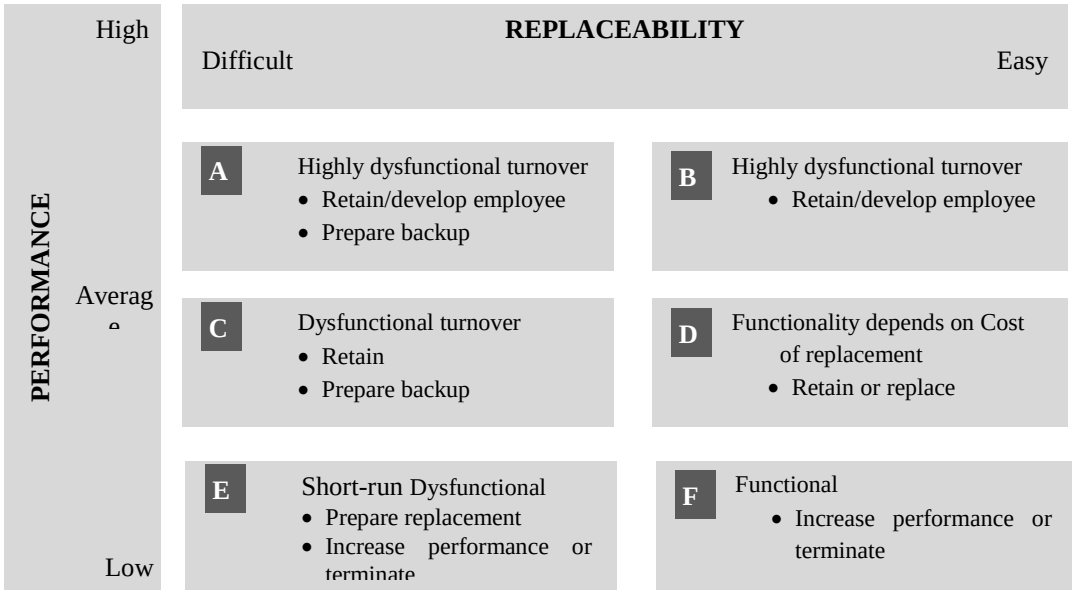


Source: Adapted from Michael A. Abelson and Barry D. Baysinger, "Optimal and Dysfunctional Turnover: Toward an Organizational Level Model, "Academy of Management Review, Vol. 9, 1984, p. 333. Reprinted by permission.

Looking at the overall turnover rate may be misleading. It is important to consider what types of employees are choosing to leave. Whether a given turnover event hurts or helps the organization depends in part on the performance of the person leaving: Is he or she someone the organization would prefer to retain? A number of researchers have explored the relationship between performance and turnover, and there appears to be a tendency for poor performers to be more likely to quit than good performers (Griffith et al, 2000), Williams and Livingstone, 1994), Schwab (1991). However, this may not be true for all organizations or at the extremes of the performance continuum. For instance, Trevor et al (1997) believe that the very worst performers may not leave because no one else will hire them,

and the very best performers may be repeatedly approached by other forms intent on luring them away. Thus, it is not safe to assume that the organization is better off without the people who choose them. Also, a more sophisticated model for evaluating turnover is shown in Figure 3. Erwin (2001), is of the view that this model is necessary to distinguish among turnover events in term of both employee performance level, that is, high, acceptable, and low, and replaceability that is, easy, difficult etc. To maximize benefits to the organization, quite different techniques should be applied in each cell of the matrix in Figure 3 to discourage or encourage turnover.

Figure 3: Performance Replaceability Strategy Matrix



Source: D. C. Martin and K. M. B Bartol, "Managing Turnover Strategically". Reprinted with permission from the November 1985 issue of Personnel Administrator, copyright 1985, The American Society for Personnel Administration, Alexandria, Va.

Cell A: Turnover is highly dysfunctional because incumbents are excellent performers who are difficult to replace, either because the skill is in short supply in the marketplace or the position requires a great deal of organization-specific skill, experience, or relationship building with clints that takes time to develop.

Employers whose competitive strategy relies heavily on personal relationships between employees and customers, such as some high service brokerage houses, law firms, or medical practices, might find that they have a large percentage of employees in this cell. Employers should make every effort to retain high performers who are difficult to replace, both by providing an excellent work environment and by meeting their unique needs. When feasible employers may also wish to identify and begin to develop successors in case staff members in this cell do leave.

Cell B: This is popular by high performers who are easier to replace. Turnover in this cell is dysfunctional but not disastrous. Efforts to retain these employees should be made, but extremely costly retention strategies are probably inappropriate. Sophisticated succession planning systems will also be unnecessary in this cell, as vacancies can be filled fairly easily.

Cell C: This contains acceptable performers who are hard to replace. Because of the direction caused by their departure turnover in this cell is considered dysfunctional. Efforts should be made to retain these employees and plan for replacement in case turnover occurs. Further, organizations should attempt to move "Cell C" employees to higher levels of performance through training, goal setting, and performance contingent rewards.

Cell D: This consists of acceptable performers who are easy to replace. Whether turnover in this cell is functional, depends on the cost of finding and training a replacement and on the probability that the replacement will perform better than the current incumbent. If replacements are inexpensive and are likely to possess better or more current skills than present employees, then special efforts to retain "Cell D" should be trained, coached, and given incentives to improve their performance. In the case of some call centers, if the work is sufficients, simple and routine that training costs are low, new employees are easily found, and incumbents burn out after a year or so, it may make sense likely to be more motivated and enthusiastic than their longer-tenure peers.

Cell E: This is hard-to-replace employees whose performance does not improve to acceptable levels should be retained only until replacements can be located or

developed, then encouraged to seek more suitable elsewhere.

Cell F: In this cell, employees who are easily replaced may be discharged following a fair disciplinary procedure or encourage to leave with accurate negative feedback on performance and minimal rewards under a merit or bonus system.

In these explanations, the final two cells contain poor performers. The organization's appraisal and reward system should encourage these employees to improve their performance to acceptable levels. If this effort fails, then turnover will probably be functional.

Retention Management Programmes

Having identified employees or job categories where turnover would be especially dysfunctional, organizations should be proactive in working to retain these people. Saratoga Institute (1997) reported that an increasing percentage of employers; 60% in a 1997 survey, claimed to have strategies for promoting retention and a further 11% were developing a strategy. 27% of survey respondents acknowledged their organization had a formal retention programme in place, but not surprising, 100% of companies in the computer industry had such a programme. In some larger companies, positions such as "Manager of Recruiting and Retention" have been created to emphasize the importance of getting and then keeping high-quality staff.

A comprehensive retention management programme must be built on accurate information about why people are leaving a particular organization. In the absence of such information says Okere (2019), wrong conclusions may be drawn about the causes of departure and ineffective means to combat it adopted. In a survey by Campbell and Campbell (2001) as shown in Table 2 below demonstrate the opinions of 1,148 employees in twenty companies and 273 human resource managers about the relative importance of some external and internal causes for turnover. Thus, it is clear that perceptions of the human resource managers differ in some important ways from those of the employees who may actually do the quitting. Employees say the most important reason they leave is because their work is underappreciated and not recognized. Clearly, any organization can improve in this area, regardless of the external labour market. Opportunities to

move up and develop skills are also important to employees, and with proper career planning, innovative career ladder, mentoring, and employee provided training of tuition reimbursement programmes, much can be done in these areas as well.

The RAC call center used a number of approaches to reducing turnover. Because pay was substandard, it increased the amount by 10% to 30%, but it also made some of it contingent upon performance (Trevour et al, 1997). This focused employee attention on doing the job well, made performance feedback more meaningful, and provided recognition of high-quality work as well as bringing total compensation for employees into the top quartile in the local labour market (Williams and Livingstone, 1994). Employee training was greatly increased to prepare agents to handle a much wider range of customer needs. A buddy system was adopted for new hires after their formal training finished. Teams were created, and the team leader's role was changed from supervision to motivating and coaching employees and figuring out how to make the workplace "fun". A number of employee involvement programmes were implemented, Beverly and Sharon (2000), heighted that the "Bright Ideas" programme generated 2,400 ideas on how to improve business in 1998, each rewarded with a raffle ticket in the monthly prize drawing. Daily team meetings were conducted with plenty of feedback on performance measures. Social events were held frequently, teams had special themed dress-up days, and prizes like chocolates and wine were given spontaneously for especially noteworthy performance. Special cash bonuses were sometimes given to a team for surpassing performance standards. Taken together, these measures according to Hutchinson (2000) made the work more enjoyable, challenging and rewarding. The additional friendship bounds built with teammates increased embeddedness and made employees reluctant to leave.

Information about why employees quit or would think about quitting should be collected regularly by organizations. According to Trevor et al (1997) there are two methods for accessing this information: (1) Exit interviews, and (2) Organizational surveys.

Saratoga Institute (1997) reported that over 90% of major organizations conduct exit interviews with employees who quit. The exit interview is generally

conducted by a human resource professional, not by the employee's immediate superior. Several major topic areas as shown in Table 2 are, used. Tactical prolong may be needed to determine the real reason for quitting. A small percentage of organizations use a consultant rather a member as the interviewer, to encourage the employee to speak more freely. Some conduct the interview by phone several weeks or months after the employee has left, again in the hope of gaining accurate information about the true cause of departure (Saratoga Institute, 1997). Kraut and Saar (1999) concluded that about ¾ of medium-sized and large companies use employee opinion surveys. Anonymous employee surveys can be used for many purposes, depending on what questions are asked. For instance, Beverly and Sharon (1999) opined that many organizations now use surveys to track employee acceptance of culture-change efforts such as team based work systems or total quality management. Another common use is to monitor employee satisfaction with such aspects of their jobs as pay, training and development, and supervision. Decrease in satisfaction may predict subsequent increases in turnover. If retention is a particular concern, surveys can be designed as written "pre-exit interview" asking questions about why employee would consider leaving, what parts of their job are most frustrating or disappointing, or more positively, why they stay (Beverly and Sharon (1999). Table 3 shows the results of one survey of why employees stay.

Table 2: Useful Exit Interview Questions

Resources, Job Information, and Training
How adequate was the help and equipment to get the job done?
How clearly were job responsibilities defined?
How adequate and timely was job information?
How helpful and competent was supervision and management?
What suggestions could you provide relative to resources and job information?
How well trained were you for the job? Suggestions?
Job Challenge and Opportunity for Advancement
How would you rate your job in terms of interesting work?
How adequate was your authority to do the job?
How much of an opportunity did you have to develop your special abilities?
How much freedom did you have to do your work?

What was most difficult to learn on your job?
How do you feel about advancement opportunities here?

Relations with Supervisors, Coworkers, and Other Departments
How well did you get along with your supervisor?
How would you evaluate the way your supervisor handled his or her employees? Made work assignments? Acted on complaint?
How well did you get along with your coworkers? Friend? Helpful?
What is your evaluation of how well the various departments work together?

Comfort and Working Conditions
How did you feel about the physical surrounding?
How did you feel about the level of job stress?
How did you feel about the workload?
How much flexibility was there in working hours?
How convenient was travel to and from work?

Financial
How did you feel about your salary?
How about job security?
How about the fringe benefits?

Company Policies
What comments can you make about our company policies? Are there any changes you would suggest?

Overall Questions
What do you think were some of the good features of your job?
What do you think were some of the good features of this organization?
What were some of the less desirable features of your job?
What were some of the less desirable features of working for this organization?
What overall improvements could you suggest?
What was the main factor in your decision to leave?

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Table 3: Why Employee Stay

1.	Career growth, learning and development
2.	Exciting work and challenge
3.	Meaningful work, making a difference and a contribution
4.	Great people
5.	Being part of a team
6.	Good boss
7.	Recognition for work well done
8.	Fun on the job
9.	Autonomy, sense of control over my work
10.	Flexibility-for example, in work hours and dress code
11.	Fair pay and benefits
12.	Inspiring leadership
13.	Pride in organization, its mission and quality of product
14.	Great work environment
15.	Location
16.	Job security
17.	Family-friendly
18.	Cutting-edge technology

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Accurate information about why employees stay or leave and how satisfied they are is useful in designing specific features of a retention programme. It can be recalled that satisfaction is only part of the picture in terms of the decision to quit. While programmes aimed at improving job satisfaction may be helpful, some turnover events are precipitated by single incidents like a mishandled appraisal or a reasonable request denied. Kevin (2001) says "people do not leave companies. They leave bosses". Effective retention programme must enlist the aid and understanding of every supervisor in organization (Okere, 2019).

Generic Features of Retention Programme

1. Benchmark data on retention performance, retention programmes, and other Human Resource Practices in the organization and successful firms in the same industry or labour market.

2. Goal setting for retention-what is the target rate for each job or department? Remember that not all departures are preventable by the organization. Some flow from external events such as the transfer of a spouse, illness, and opportunity too good to pass up, or a decision to change lifestyle.

3. A means of holding managers accountable for the retention of their staff. In addition to goal, this may include adding retention measures to their performance appraisal criteria and bonus formula.

Components to Keep Talent in Organization

1. Many opportunities for challenging work, learning, and growth. These can be provided through job rotation, secondments, special projects, lateral transfers, mentoring, career planning, promotions etc.
2. Effective performance-contingent rewards and recognition, and frequent and honest performance feedback to satisfy employees' desire for information and appreciation.
3. An innovative and competitive compensation system. Both fairness and amount of pay are important, though bear in mind that pay is not usually the only reason people leave.
4. Flexibility in addressing special employee requests for job characteristics as well as work time and mode. Figure 4 clearly show how some organizations might be flexible or inflexible to employee requests.
5. Family-friendly policies such as emergency childcare, flextime, leaves of absence, and sso on if family responsibilities are a salient cause of departures (Saratoga Institute, 1997).

Figure 4: Are You Flexible Enough for Today's Employees?

Read the following scenarios, imaging that you are the boss of this person. Think about your responses to the requests. Decide when you would say yes or no and why. Use the scoring box below.

1. I want to adjust my work schedule (for personal reasons) three days a week, to come in half an hour earlier and leave half an hour earlier.
2. I want to get this task done in a brand-new way, not like you have ever

seen it done before.

3. I want to complete the first five steps of this project before I have you review it with me.
4. I want to try a new technique, one that I'm more comfortable with, to increase sales.
5. Instead of taking that class you recommended, I found a mentor from whom I want to learn that skill.
6. I just took some great pictures on my vacation and want to put them on my cubicle walls.
7. I want to work from home two days a week.
8. I plan to work on Saturdays for a few weeks in order to get a project done on time, and I want to bring my well-trained dog to work with me.
9. I want to wear casual clothes to work rather than a business suit. I'm more comfortable and creative in my jeans and tennis shoes.
10. I know we've always done these projects solo, but I want to put together a team this time because I believe we will do a better job, more quickly.
11. I want six weeks off without pay to begin building my new home.
12. I want to bring my new baby to work for the first six weeks.

Scoring												
Your response.	1	2	3	4	5	6	7	8	9	10	11	12
"Sure, no problem."												
"No way"												
"Let me see what I can do."												

Count your scores across the columns, then think over those that fall in the "No way"
box. How could you be more creative and give more space?

Source: Kaye and Jordan-Evans, "Retention; Tag, You're it!" Training and Development, April, 2000, p. 34, Reprinted by permission.

It is also helpful to tell particularly valuable employees that the firm is eager to keep them and ask what can be done to further this end. Dick and Beverly (1998) observed that some employees only find out after resigning that the firm really did value their work. Following on from the embeddedness concept, it may also be helpful for firms to enhance the number of formal and informal links among the employee, the firm, and the community. This might be done by encouraging team-work and mentoring, enrolling employees in long-term education/development programmes, using employee share ownership plans, cultivating company volunteer or sporting activities, considering hiring spouses when qualified, providing childcare, and perhaps providing home purchase assistance (Mitchell, 2001). Also, Mitchell et al (2001) pointed out that employees sometimes quit jobs that fail to meet the expectations they had when first hired. Both realistic job previews and a career planning session in the first few months after hiring may help to cultivate realistic expectations that the company can meet.

Involuntary Turnover and its Impacts in Organization

According to Okere (2019) involuntary turnover in organization is a situation in which individuals are forced to leave because the organization no longer wants or need them. This kind of turnover has important strategic implications of the organization. **First,** it affects the perception of the organization by the community, the media, and current and former employees. For example, a firm that effectively and humanely manages a reduction in its workforce may maintain or even enhance its image among employees and the public, which could result in a variety of long-term benefits. In contrast, on that develops a reputation for treating employees badly, either through frequent layoffs or arbitrary and unfair firing will have a harder time drawing a qualified applicants' pool in the future. **Second,** involuntary turnover helps the organization achieve its strategic goals. Poor performers are terminated, and the productivity of a firm can be improved. Layoffs may allow an organization to reduce costs when market demand slumps. **Third,** organizational exit also aids coordination and integration with the organization by helping remove employees who cannot get along well with others and therefore, disrupt the smooth operation of the firm. **Finally,** organizational exit serves as a strategic influence on the culture of the organization. Removal of key executives can allow an organization to change its strategic focus. Why people are selected out can send messages to other employees about important cultural

norms and values (Stephen and Terry, 1993).

Also, there is some debate about the level which staff turnover rates have to reach in order to inflict measurable damage on an employer. The answer varies from organization to organization. In some industries it is possible to sustain highly successful businesses with turnover rates that would make it impossible to function in other sectors. Some chains of fast food restaurants, for example, are widely reported as managing with turnover rates in excess of 300 percent. This means that the average tenure for each employee is only four months (Ritzer, 1996; Cappelli, 2000), yet the companies concerned are some of the most successful in the world. By contrast, in a professional services organization, where the personal relationships established between employees and clients are central to ongoing success, a turnover rate in excess of 10 percent is likely to cause damage to the business.

There are sound arguments that can be made in favour of a certain amount of staff turnover. **First**, it is fair to say that organizations need to be rejuvenated with 'fresh blood' from time to time if they are to avoid becoming stale and stunted. This is particularly true at senior levels, where new leadership is often required periodically to drive change forward. More generally, however, new faces bring new ideas and experiences which help make organizations more dynamic. **Second**, it is possible to argue that a degree of turnover helps managers to keep firmer control over labour costs than would otherwise be the case. This is particularly true of organizations which are subject to regular and unpredictable changes in business levels. When income falls it is possible to hold back from replacing leavers until such time as it begins to pick up again. In this way organizations are able to minimize staffing budgets while maintaining profit levels during leaner periods. Redundancy bills are also lower in organizations with relatively high staff turnover because they are able to use natural wastage as the main means of reducing their workforce before compulsory lay-offs are needed. **Third**, it can be plausibly argued that some employee turnover is 'functional' rather than 'dysfunctional' because it results in the loss of poor performances and their replacement with more effective employees.

The arguments against staff turnover are equally persuasive. **First** are the sheer

costs associated with replacing people who have left, ranging from the cost of placing a recruitment advertisement, through the time spent administering and conducting the selection process, to expenses required in inducting and training new employees. On top of these there are less easily measurable losses sustained as a result of poorer performance on the part of less experienced employees. For larger organizations employing specialist recruiters these costs can add up to millions of naira a year, with substantial dividends to be claimed from a reduction in staff turnover levels by a few percentage points. The **Second** major argument in favour of improving staff retention results from a straightforward recognition that people who leave represent a lost resource in whom the organization has invested time and money. The damage is greater when good people, trained and developed at the organization's expense, subsequently choose to work for competitors. **Finally**, it is argued that high turnover rates are symptomatic of a poorly managed organization. They suggest that people are dissatisfied with their jobs or with their employer and would prefer to work elsewhere. It thus sends a negative message to customers and helps create a poor image in the labour market, making it progressively harder to recruit good performers in the future..

We may thus conclude that the case for seeking to reduce staff turnover varies from organization to organization. Where replacement employees are in plentiful supply, where new starters can be trained quickly and where business levels are subject to regular fluctuation it is possible to manage effectively with a relatively high level of turnover. Indeed, it may make good business sense to do so if the expenditure required to increase employee retention is greater than the savings that would be gained as a result. In other situations the case for taking action on turnover rates is persuasive, particularly where substantial investment in training is required before new starters are able to operate at maximum effectiveness. Companies which achieve turnover rates below their industry average are thus likely to enjoy greater competitive advantage than those whose rates are relatively high.

Conclusions

Transition is exit from the organization. Departure from the organization can be classified as voluntary and involuntary. Voluntary turnover occurs when employees quit their jobs. Turnover, has increased as the economy has

strengthened, and many employers are working hard to retain valued employees. Employees are more likely to quit if they believe they have good alternatives and if they are dissatisfied with their jobs. When employees are embedded in their jobs with a multitude of links among family, employer, and community, they are less likely to quit. Employees may contemplate quitting for a long period of time as their job satisfaction gradually falls, or they may decide to quit suddenly on the basis of a single event. Retention management programmes attempt to discover why employees quit or stay, then act to keep the most valuable employees by addressing their concerns. In the same vain, involuntary turnover is a situation in which individuals are forced to leave because the organization no longer wants or need them. It has important strategic implications for the organization. (1) It affects the perception of the organization by the community, the media, and current and future employees. (2) It helps the organization achieve its strategic goals. (3) It aid coordination and integration, and (4) It serves as a strategic influence on the culture of the organization.

Recommendations

The study recommends the following:

1. Retention management programmes should attempt to discover why employees quit or stay, then act to keep the most valuable employees by addressing their concerns.
2. Organizations should recognize the importance of careers to their employees and provide career planning to encourage employees to stay and continuously upgrade their skills in anticipation of future opportunities.
3. A thorough investigation of the reasons for firing a worker must be conducted before termination occurs.
4. Thorough advance planning for reducing the workforce is critical.
5. Organizations should focus on productivity improvement rather than on simply laying off employees.
6. Firms should involve employees, unions, and other relevant stakeholders in the process and communicate early and often with employees about the reasons for and the exact nature of the reductions.
7. It is vital to treat employees who are laid off humanely and to provide sufficient out placement assistance.

8. It is important for an organization to manage the survivors of a company-wide layoffs. Proper counseling and training for survivors can help ensure a motivated and stable workforce afterward.

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