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Abstract The main purpose of the study is to determine the impact of employee turnover on the performance of an organization. The research study supports the argument of Derek (2006) that the employee's turnover positively associated with the organization inefficiency. The research study was based on quantitative research technique.

The questionnaires were distributed in Mobilink Head office, Call Center and Administrative Department for collection of data. The measures for analysis are employee turnover, work load, workstress, employee salary, job satisfaction, and work tofamilyconflict. Correlation and regression tests are used for research studies in order to analyze the relationship among independent and dependent variables. The result from the regression analysis confirms that the Performance of an organization is negatively and insignificantly associated with employee turnover, workload, work stress, salary, and family to work conflict.

It is clearly evidenced that there is negatively relationship between the dependent variables of organizational performance and the Independent variables employee turnover, workload, work stress, salary, family to work conflict. The study shows that turn over effect on the performance of the organization The study provides an insight to see that level of turn over effect up to what level to the performance and what are the major variables that may address to handle these issues.

Keywords: Organizational Performance, Turnover, Workload, Work Stress, Salary, Family to work conflict.

1. Introduction Over the last two decades of awareness of managerial issues, the issue of employee turnover still exists in most of the organization throughout the world. Even in the highly developed

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industrial nations, the rate of employee turnover is still very high. Moreover, looking into the gender perspective, Women pay may be less than that of man, requiring paralleled education, training, skills, and responsibility.

The level of performance or the ability of work done by the staff will only be achieved if the employees are satisfied by the internal environment of an organization. Employee turnover in organization is one of the main issues that extensively affect the overall performance of an organization. It is often suggested that organization should adopt the clear Standard Operation Procedures (SOPs) that decrease the gap among the top management and the middle management in order to identify and resolve the issue of employee turnover in the organization.

The area for the research study was, Mobilink Head Office, Mobilink Call Center and Mobilink Administration Branch Islamabad. The research study was based on quantitative technique for research. The questionnaire was distributed among the staff members of Mobilink offices and data was collected to know that how much employee turnover affects the performance of an organization. The reason that why Mobilink organization had been chosen, is because in Mobilink offices the ratio of turnover is high as compared to other organizations according to the telecommunication report of Pakistan 2008.

The research study is being conducted to check out the extent to which employees fulfill their tasks, which is assigned to them by their superiors and what are the effects of turnover on organization. COPY RIGHT © 2013 Institute of Interdisciplinary Business Research 700 ijcrb. webs. com JANUARY 2013 VOL 4, NO 9 INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN <https://assignbuster.com/journal-of-contemporary-research-in-business/>

BUSINESS The research paper objective was to address the questions that is, does employee turnover affect the performance of the organization? Various studies show that employee turnover negatively affect the overall efficiency of the organization.

If proper action is taken on employee workload, work stress, salary, job satisfaction, and work to family conflict, the turnover ratio alternatively decreases and organization performance will enhance. Derek (2006) found a positive relationship between employee turnover and organization efficiency, and concluded that there is insignificant negative relationship between employee turnover and organizational performance. The reason that why, this research topic was selected because in our environment most of the workers are not satisfied with their jobs and most of them are quiet their jobs when they find relatively better job than that one.

The reason is not that they are not competent but there are few factors the effect the commitment and satisfaction of the employee towards their job, some are employee workload, work stress, salary, job satisfaction, and work to family conflict. The research study was scrutinized the fact that employee turnover is positively effect on overall performance of the organization 2. Literature Review Derek et, al. (2007) suggested that job satisfaction and affective commitment as the basic variables with turnover intentions.

He further argues that no support was found in the results for continuance dedication as a variable with turnover intentions. The results also concluded that significant positive correlations were found for the distal variables workload, work stress, employee salary, job satisfaction, and work to family conflict. Magnus at al. (2001) resulted that the job insecurity is interrelated

primarily to exit and devotion reactions, but not to voice. In terms of exit, a striking pattern in our results concerns the connection obtained between job insecurity and organizational turnover intention.

Although the magnitudes of effect sizes differed across countries, there was a positive relation between job insecurity and the propensity to exit from the organization. The results also swell previous research by indicating that job insecurity may have similar cost for union turnover intention. Outsourcing is more prevalent under condition of high scientific uncertainty and high information exchange, research gained some tentative insights into the fact that higher outsourcing under these conditions leads to higher performance of individual. Fogarty at al. 2004) results that the employee turnover increases due to individuals in offices were mostly at fault, making errors because they failed to follow procedures and were ineffectually supervised the circumstances; put the employees of the organization in, such a pressure created by poor planning and results in increase in turnover and organizational performance decrease. Bloom at al. (1991) concluded that the organizational analysis of turnover is due to organizational and ecological variables like the crime rate in the area may increasenursingturnover.

The study strongly argued that the base of increase in turnover is only environmental basis. Beverly & Philip (2006) recognize that the extant research on employee engagement demonstrates its relationship to outcome variables important to every organization, such as productivity, safety, and employee retention and customer service. They further explore that the Increases in knowledge as to how to create high performance workplaces are

always welcome by practitioners and academics. What the field does not need, however, is another fad term.

We call for continued research into employee engagement in order better to understand and to capture its contribution to organizational and individual performance. According to Camp (1993), the organizational commitment found to be a significant predictor of organizationally relevant behavior, in his case, turnover. This certainly lends support to the position of organizational commitment. Conversely, He further justify that there was no evidence from this study of workers in one public sector agency that job satisfaction has any effect on voluntary turnover.

The correct in that even when combined with the other relevant control variables, the explanatory power of the models containing organizational commitment is fairly low. It should be kept in mind that organizational commitment was typically measured months before the respondents actually quit work. Even so, the results of this and related studies suggest that even though we have additional insight about the theoretical relevance of organizational commitment, we still do not seem to understand much about the processes that generate turnover. COPY RIGHT © 2013 Institute of Interdisciplinary Business Research 01 ijcrb. webs. com JANUARY 2013 VOL 4, NO 9 INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS Maertez & Campion (2004) suggested that the first, quitting is a salient, major life event, and people remember the details surrounding such events relatively easily. Second, quitting tends to be associated with affective arousal, be it negative or positive; such events are more easily remembered than those with little accompanying affective arousal.

Moreover, people often remember such events better after a long rather than a short period of time.

Also, time since quitting was unrelated to decision type; lessening the chance that memory decay had an effect on the findings.. Another possibility is that the relationships discovered could be partially due to employee schemata or implicit theories of turnover. However, if such schemata reflect reality or are widely held by employees, they may not threaten the validity of our findings. Ologunde et al. (1999) concluded that the employee turnover in schools and universities are due partly to the low morale of the teachers, which in turn has increased the rate of labor turnover from the system.

They further analyze that it is fair to say that lecturers will put in their best when the work environment is conducive; when there are good welfare packages like good houses, adequate health and medical insurance, training and development opportunities and other relevant fringe benefits. In the absence of these, it can only be expected that frustration and eventually quits will result. Given their role in society, there is a strong case to pay special attention to university academics while not constituting them into a special class.

However, it is important to further explore opportunities to provide more incentives to enable lecturers maximize their role in the development process. In doing this, we have also shown that economic incentives on their own do not provide sufficient motivation for university teachers. Harris et al. (2002) theory asserts that high turnover lowers firms' incentives to provide staff training programs and, therefore, reduces productivity. On the other hand, job matching theory postulates that turnover can help employers and

employees to avoid being locked in sub-optimal matches permanently, subsequently increases productivity.

The conflict between retaining workforce stability on the one hand, and flexibility on the other, gives rise to the quest of an optimal turnover rate. Klasen (1999) uses multinational cross panel regressions to explore the extent of employee turnover in the organization which may trim down growth and development of any organization and the overall economy. His paper finds a substantial impact of employee turnover on economic growth based on data from East Asia, Africa, South Asia and the Middle East.

His results suggest that employee turnover in education and management has a direct impact on economic growth through throbbing change in management lowering the average quality of human capital. Michael & Steiner (1997) concluded that the annual managerial employee turnover of an organization is 18.6 per cent for the combined sample and their costs are very high on per employee turnover incident while conducting his research. They further reported that chain restaurants report higher employee turnover ratio and more costly managerial employee turnover for independents.

Bradley & Stuart (1998) uses cross-section study of the inter-industry variation in male and female employee turnover in UK manufacturing companies, The number of discharges over four weeks found very high. The annual rate of employee turnover was estimated by taking an average of the quarterly observations. This shows a wide variation, the annual male employee turnover rate was lowest at 8.5 per cent in Mineral Oil Refining (262) and highest at 77 per cent in Jute (415) in American corporate

companies. Similarly the female rate ranged from 12.4 per cent in Mineral Oil Refining to 81.9 per cent in Fruit and Vegetable Products (218).

The male employee turnover rate across all manufacturing was 29.9 per cent. Employee turnover is clearly greater among females. Seven in every ten MLHs had a female rate in excess of 40 per cent. Research by Knapp et al. (1998) reported that the rate at which staff change jobs has posed a serious problem for employers in the private and public sectors. Since, staff employee turnover generally breaks the stability, consistency and continuity of work, makes long-term planning more difficult, it leads to shortages of staff which in turn can raise the workloads of other employees, and raises the costs of recruiting and training staff.

COPY RIGHT © 2013 Institute of Interdisciplinary Business Research 702
ijcrb.webs.com JANUARY 2013 VOL 4, NO 9 INTERDISCIPLINARY JOURNAL OF
CONTEMPORARY RESEARCH IN BUSINESS Wrucka (1998) defines that the top management change or employee turnover is to be any change in the set of individuals holding the title of chief executive officer (CEO), president or chairman of the board. His major hypothesis is that the probability of a top management change is inversely related to performance of an organization.

Using a random sample of listed firms, He tested the hypothesis with a prediction procedure to exploit information on firms that do not experience a management change. At last he found that change in top management inversely related to the efficiency of the organization. Guthrie (1999) reports a positive association between the use of high involvement work practices (HIWPs) and employee retention and firm productivity. He further indicated the disordinal interaction, also he found that employee turnover is

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associated with decreased productivity when use of HIWPs is high, and increased productivity when use of HIWPs is low.

He further reports that there is insignificant relationship between efficiency of overall organization and the individual employee as well.

3. Methodology

The research study investigates the employee turnover and its effect on organizational performance. The study uses primary data which have been calculated through verified questionnaire of Derek (2007). The sample size of 160 was taken from three Mobilink offices situated in Islamabad including, Head office, Call center and Administration Office, total 100 respond was received at the rate of 66.7% response rate, in that sample 60 percent represents the ratio of male and 40 percent represent that ratio of female employees. Data have been using SPSS software. Firstly the normality of all variables has been tested then the Pearson correlation and regression have been applied on the data. The purpose of the correlation test is to analyze the extent of effect on the variables (Jeffery & John, 2003), on the basis of the result, the extent of effect of different variables checked on the dependent variable of organizational performance.

3. Hypotheses

The following five hypotheses explore the relative impact of the five independent variables (employee turnover, work load, work stress, salary, and family to work conflict) on the dependent variable which is (organization performance).

H1: Employee turnover is positively associated with inefficient performance of an organization

H2: Work load of employee is positively associated with inefficient performance of an organization.

H3: Work stress of employee is positively associated with inefficient performance of an organization.

H4: Salary of employee is positively associated with inefficient performance of an organization.

H5: Family to work conflict is positively associated with inefficient performance of an organization.

Performance of organization is positively associated with better salary of employee. Performance of organization is negatively associated with family to work conflict of employee. 3. 2 Conceptual Framework The conceptual frame work for the present study is based on the Derek (2007) in that Organizational Performance taken is taken as dependent variable (DV) and employee? s turnover, workload, work stress, employee salary, job satisfaction, and work to family conflict are taken as an independent variable.

Further more organizational performance is taken as proxy for job satisfaction and job commitment, also work to family conflict is changed with salary because this salary is more important variable in Pakistani perspective than work to family conflict variable. COPY RIGHT © 2013 Institute of Interdisciplinary Business Research 703 ijcrb. webs. com JANUARY 2013 VOL 4, NO 9 INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS Work Load Work Stress Salary Job Satisfaction & Job Commitment / Organizational Performance Employees Turnover Job Satisfaction Family Conflict 4. Analysis and Discussion 4. Frequency Distribution Table of Age: Table 1 shows that the frequency distribution of the respondents in which the 41% of total staff members lies between the ages of 18-28 years, 44% represents the ages of employees that lies between 29-39 years and 15% shows the percentage of employees that represents that ages of more than 40 years. 4. 2 Frequency Distribution Table of Gender: Table 2 demonstrate the frequency distribution of gender in which total 59 out of 100 staff members are male which represents 59% of the total employees, and 41 out of 100 staff members are female which represents 41% of the total sample. .

3 Correlation: The research study finds out the Pearson correlation between Organizational training and job satisfaction, learning, salary, promotion, and performance. The correlation value is lie between -1 and +1. -1 represents complete negative relationship while +1 represents perfect relationship between variables. Table 4 demonstrates the correlation matrix of the Job Satisfaction, employee Training, Learning, Salary, Promotion and Performance. The analysis show there is high level of correlation between these variables at 0. 1 levels and 0. 05 levels. The correlation is significant at 0. 05 levels only between employee? s performance and employee training and correlation is significant at 0. 01 level in all other variables. Table 5 shows the Pearson correlation between inefficient performance of organization and Employee turnover is positive and significant which means that there is strong correlation between these variables. The value . 567** shows the correlation is significant at 0. 05 level. The value . 000 is less then $P < 0. 5$ which means that the null hypothesis will be rejected and alternate hypothesis will be accepted which indicate Employee turnover is positively associated with inefficient performance of an organization. Table 6 shows the Pearson correlation between inefficient organizational Performance and Employee Workload is positive which means that the correlation is significant between these variables. The value 585** shows the correlation is significant at 0. 05 level. The value . 000 is less then $P < 0. 5$ which means that the null hypothesis will reject and alternate hypothesis will accept which indicate Work load of employee is positively associated with inefficient performance of an organization. Table 7 shows the Pearson correlation between inefficient organizational Performance and Employee Work stress level is positive and significant which means that there is strong relationship between these

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variables. The value .480** shows the correlation is significant at 0.05 levels. The value .000 is less than $P < 0.05$ which means that the null hypothesis will be rejected and the alternate hypothesis will be accepted which indicates work stress of employee is positively associated with inefficient performance of an organization. Table 8 shows the Pearson correlation between Organizational Performance and Employee Salary is positive which means that there is strong correlation between these variables. The value .350** shows the correlation is significant at 0.05 level. The value .000 is less than $P < 0.05$ which means that the null hypothesis will be rejected and the alternate hypothesis will be accepted which indicates Performance of organization is positively associated with better salary of employee. Table 7 shows the Pearson correlation between Organizational Performance and Employee work to family conflict level of the employee is negative which means that there is weak correlation between these variables. The value -.024 shows the correlation is insignificant. The value -.024 is greater than $P < 0.05$ which means that the null hypothesis will be rejected and the alternate hypothesis will be accepted which indicates Performance of organization is negatively associated with family to work conflict.

4.5 Regression: Regression analysis has been used to measure the impact of dependent variable (organization performance) on the independent variables (employee turnover, work load, work stress, salary, and family to work conflict). The multiple regression model for the analysis used as under: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \dots$ (1) Where, Y is organizational performance (dependent variable), β_0 is Y intercept, $\beta_1 - \beta_5$ are the regression coefficients.

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coefficients. X1 is Turnover X2 is work load X3 is work stress X4 is salary X5 is family to work conflict Y (Organizational performance) = β_1 Turnover + β_2 workload, β_3 work stress + β_4 Salary + β_5 Family to work conflict.....

(2) Table 10 represents the Regression coefficient „ $R^2 = 0.724$ or 72.4% which means that correlation between dependent variable (organizational performance) and independent variables (organizational turnover, workload, work stress, salary, family to work conflict) is positive. The coefficient of determination „ $R^2 = 0.524$ which show that 52. % of variation in organizational performance is explained by organizational turnover, workload, work stress, salary, family to work conflict. The F-test value is 20.691 is significant because the significance level is = .000 which is less than 0.05. Therefore null hypothesis will reject and alternative hypothesis will accept that is inefficient organizational performance is positively associated with employee turnover, work load, work stress, inappropriate salary and family conflict. This also implies that the correlation between dependent variable and independent variables is statistical significant and the regression model is valid.

The valid regression model implies that all independent variables (Organizational turnover, Workload, Work Stress, Salary, Family to work conflict) are explaining that there is a positive and significant relationship between Organizational Performance (dependent variable). 4.6 Dependent Variable: Organizational performance: In the above table the regression coefficient for Turnover of the employee (β_1) = .320 which implies that one percent increase in Turnover of employee's increase 0.320 percent organizational performance level if other variables are kept controlled. The

T-test value is 3.829 and significant at .00 because significance level is less than .005 and a regression model is significant and positive. The regression coefficient (β_2) = 0.338 or 33.8% which implies that one percent increase in workload brings on the average 33.8% increase in organizational performance of the employee if other variables are kept controlled. The T-test value is 3.997 and significant at .000 level which is less than the .005. It implies that the relationship between workload of the employee and organizational performance of the employee is positive and significant. The relationship is significant and the regression model is valid.

The regression coefficient (β_3) = 0.236 or 23.6% which implies that one percent increase in work stress brings on the average 23.6% increase in organizational performance of the employee if COPY RIGHT © 2013 Institute of Interdisciplinary Business Research 705 ijcrb. webs. com JANUARY 2013 VOL 4, NO 9 INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS other variables are kept controlled. The T-test value is 2.229 and significant at .024 level which is less than the .005. It implies that the relationship between work stress of the employee and organizational performance of the employee is positive and significant.

The relationship is significant and the regression model is valid. The Performance of the employee (β_4) = .090 or 9.0% which means that one percent employee salary creates organization performance by 9% if other variables are kept constant. The Ttest value is .859 which is positive but insignificant at .373 because the significance level $P > .005$ and value is less than .005. It implies that the relationship between employee salary level

and organizational performance is positive but insignificant. The regression model is valid.

The regression coefficient for employee salary(? 5) = .003 or 3% which means that one percent increase in employee family conflict will bring on the average 3% decrease in organizational performance if other variables are kept constant. The T-test value is .041 and the significance value is .968 which is insignificant which means that the relationship between family to work conflict and organization performance level is weak. It further implies that the relationship is positive and statistically insignificant, but overall the regression model is valid.

Discussion

The study is going to check the effect of turnover on the performance of the employee which is very much important issues in different organizational cultures in different areas of the world. It also sees some other variables that can help to decrease the turnover in the organization like for example work load, work stress, salary, work to family conflict and their impact upon performance. Data is collected from the mobilink office because the company is suffering from high turnover rate. Questionnaires are distributed among the employees and data is collected. Then correlation and regression are applied to confirm the results.

The results show that turnover negatively affects the performance of the organization. The research found that the performance of an organization is negatively and insignificantly associated with employee turnover, workload, work stress, salary, and family to work conflict. The result of the research study clearly evidenced that there is a negative relationship between the

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dependent variables of organizational performance and the Independent variables employee turnover, workload, work stress, salary, family to work conflict.

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