

# Pros and cons of high turnover of club med



**ASSIGN  
BUSTER**

Is GO turnover really a problem at Club Med? What are the pros and cons of high turnover? The main problems that the American HR department faces are: finding the right people to become GO's and employee job satisfaction. Therefore, finding the right people will radically reduce turnover costs.

There are numerous potential causes for GO's turnover. We can find broader causes (e. g. economic conditions, labor market conditions) that affect general turnover rates and that are difficult to manage. Though, there might be causes for voluntary turnover that are linked to GO's function (e. . , non-competitive compensation, highstress, working conditions, monotony, and poor direct command) that can be managed. As we analyzed before the main foundations for the problem are in the recruiting, selection and training methods, as well as in the cultural differences between European employees and American/Canadian employees.

The suggested methods of finding the right GOs for Club Med are costly, but are extremely beneficial for the company in the long run because they will cut the high costs of turnover. Human resource managers need assess the current impact of turnover by screening out GO's potential leavers during the hiring process.

Moreover, it is essential to be aware of the turnover rates for different jobs and geographic areas of the company, and compare turnover rates with external standards for addressing employee turnover. Finally, the information provided can be used in order to identify job candidates who are likely to become high-quality replacement GOs. High turnover is not always a bad thing; some is essential to organizational flow. Thus, the Club Med case

gave us two different perspectives about the topic. We have defined the pros and cons of high turnover.

## PROS

- New blood

New blood can add more of a competitive edge - the newcomers are eager to prove themselves and the older employees want to show that they know best. New people can also encourage new ways of thinking, instead of resorting to the same old strategies.

- Low wages

If employees move on quickly, the chances are that they won't stay around long enough to expect much of an increment in their wages. Newcomers will start at the basic level. This suits jobs that don't involve a great deal of training, where employees don't expect to do more than turn up for their job.

- Low employee expectations

Minimum amount of effort ensuring that employees are satisfied - perks can be forgotten about and, apart from ensuring employees do an adequate job, there will not be a great deal of pressure to make anyone's life better.

- Minimum impact of difficult employees

Employees who are moody, or like to stir up trouble amongst other employees, or can be unreliable are likely to move on quickly, therefore minimizing their impact on the company as a whole.

## CONS

- High cost of training

There are sectors where employees need extensive training before they can take on the job. In this case, a high turnover could be extremely costly, because each replacement will need to be re-trained. This is also going to affect productivity.

- Human capital flight

Following training and on-the-job experience, employees gain a great deal of knowledge that they can then take to another company if they leave.

In jobs that involve this level of knowledge development, it is a real disadvantage if they are not persuaded to stay. No loyalty inside the organization just as employers have little loyalty to their employees; employees will have little incentive to return any loyalty. In seasonal jobs, for example, this may not matter much, but for more responsible jobs, some degree of loyalty is needed in order to keep employees motivated.

- Poor team spirit

Most people like to know the people who they work with and feel uncomfortable if the people around them keep changing. This, in turn, will affect motivation and the ability of the team to work together well.

- Unsatisfied Customer

In a customer-based environment, employees build a relationship with the customers and customers return because of this relationship. If turnover is high, this connection is broken and customers are less likely to be loyal.

- Negative message

General public will wonder what is wrong to cause employees to move on so quickly and word will eventually spread. This could make impossible for the company to find good employees and business could be negatively affected.