

Labor Turnover: Causes, Effects and Remedies

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***Abstract :** The success of the business organization depends on how long it can keep its employees stay in the organization and how can they get best out of them. High labor turnover affect the productivity and efficiency of the organization and ultimately it increases the cost of production also. Although labor turnover cannot be avoided completely but its rate should be kept at an optimum level. The purpose of this research paper is to identify the reason of labor turnover, analysis its effects on the productivity and efficiency of the organization and to find out the solution to reduce the labor turnover .*

Keywords: *Labor Turnover, Optimum Level, Productivity*

Introduction: Labor turnover is an important factor indicating the overall health of an industry or an establishment, in terms of wages, industrial relations, working conditions and other welfare facilities provided by the employer. It is an index which denotes change in labor force during a specified period for an organization.

In every organization some workers leave their job and other workers are appointed to replace them. The ratio of replaced workers to the total number of workers is called labor turnover. It is the ratio of the number of employees that leave the company through attrition, dismissal or resignation during a specific period to the number of employees which are enrolled in the wage register. It is the ratio of the gain and loss of employees during a particular time of period.

If more workers leave the factory the turnover would be very high and costly which should be avoided. However if the labor turnover is very high the organization will suffer negative impacts including the financial cost of recruiting and replacing staff, in addition to the loss of corporate knowledge and skills.

Object of the study: The aims of this research paper are:

- ❖ To find out the causes of labor turnover in organization.
- ❖ To know the effect of labor turnover on the organization.
- ❖ To prevent the labor turnover and to find out the remedies to minimize the labor turnover.

Source of data: Primary as well as Secondary data are collected for this research. Primary data are collected at random from different business organizations and enterprises. Secondary data are collected from newspapers, magazines, journals, books, internet etc.

Causes of labor turnover: There are following causes of labor turnover in an organization

- ❖ **Poor management:** Managers and supervisors who lack the skill to resolve conflicts play an important role in creating an inhospitable environment for work.
- ❖ **Lack of recognition:** Every employee in the organization wants to be appreciated and recognized for his contribution and if he feels that he is not being utilized to his potential, he becomes dissatisfied and leaves the job. So it is very important that employees should be recognized for their contribution. They should realize that they are valued and important members of their small business team.

- ❖ **Poor working condition:** Poor working condition which include unsafe and hazardous condition are responsible for high labor turnover .Moreover employees must have all the necessary tools they need to perform their job well.

There are other **some other factors** which are responsible for labor turnover:

- ❖ Low wages paid as compared to wages paid in other similar industries.
- ❖ Ill health
- ❖ Unfair method of promotion
- ❖ Improper placement
- ❖ Bad training facilities
- ❖ Lack of safety measures
- ❖ Unfair method of promotion
- ❖ Marriage of women workers(sometimes)
- ❖ Poor relation with supervisors or with fellows
- ❖ More working hours

Labor turnover is sometimes due to **action taken by management** such as:

- ❖ Disobedience and disregard of the rules and regulation
- ❖ Incompetence
- ❖ Lack of attention of duty
- ❖ Unpunctuality
- ❖ Accidents
- ❖ Infectious diseases
- ❖ Immoral character
- ❖ Seasonal character of industry

Labor turnover should neither be in excess nor be below normal rate. It is better to keep the turnover low but it cannot be construed that factories having low turnover are always more productive. However the reason for low turnover may be that the workers engaged in a particular factory are below standard and they are unable to find better places in other factories. A high turnover has an adverse effect on the cost of production.

Cost related high turnover ratio: The following costs are caused by high labor turn over

- ❖ Change in workers interrupts production
- ❖ New workers take time in learning the factory rules, regulation and work procedure new workers cannot handle the tools and machine efficiently as it were handled by the old workers
- ❖ It is quite possible that the rate of accidents may increase. Moreover the rate of defectives in the finished output may also increase.
- ❖ The cost of imparting training to the new entrants would further increase the cost and consequently the profit will also be reduced
- ❖ Newly employed workers are likely to mishandle tools and equipments which may result in breakage of tools.
- ❖ Lack of cooperation and coordination between old and new workers may result fall in output and increased cost of production.
- ❖ The newly replaced worker takes time to be easy with new system and coworkers.

- ❖ If a worker gets assurance from another organization for joining and joining date is after two months later than the worker give up concentration from work during this time consequently productivity of the organization falls down during this period.

High turnover can negatively affect company and its employees in many ways. It is better for the organization to retain the employees for longer period as it will provide a higher caliber workforce that positively affects the bottom line. Business can lower turnover rates by providing adequate training, rewarding employees for a job, well done and creating a company culture of trust.

There are certain **other factors which can lower labor turnover**

- ❖ First of all an employee should not be hired just because we need to fill the position, it is better to take sometime to do research for this purpose we should gather as much information as we can about a job applicant. This will include information for personal and business references, a list of past and present employers, social security number and more.
- ❖ We should also perform skill test on our job applicants, this can be done either directly or through human resource department.
- ❖ Our job description should include a consideration of the social aspects of the job. We should have temperament profile of employees which can predict which people are best suited for different trips of job. Most of employees leave companies because they feel overworked. To resolve this problem we can hire additional persons.
- ❖ The employees almost know when they are doing a job wrong but these employees rarely hear from their employers when they are doing their job right. So it is very important to encourage employees by saying good words. The employees should be made realize how much of good job they are doing.
- ❖ Employees are more likely to feel involved when they are closely attached to their management team. More involved employees are more likely to achieve longer tenure. It is always better to keep employees informed of new practices and procedures.

Conclusion: It is important to note that money is not the one reason people come to a company or leave a company. Rather money is one of the least common factors for turnover.

In addition to the internal factors that make employees want to leave or stay in a job there are some outside factors that play an important part for turnover. We cannot do much about these factors but what we can do is to try to make the job as desirable as possible to minimize the chance that external factors can have on our workers. We can take necessary steps to improve morale at our business and make our employees happy and productive.

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