



Impact of Employee Turnover on Organization Performance with Reference to Optum Global Solutions Pvt.Ltd, Hyderabad

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ABSTRACT

The term "Impact of Employee Turnover on Organizational Performance" aims to examine the correlation between employee turnover and the overall performance of an organization. Employee turnover, which refers to the rate at which employees leave an organization and are replaced by new hires, can significantly impact various aspects of organizational performance. This study will investigate how employee turnover affects productivity, employee morale, customer satisfaction, financial outcomes, and other relevant performance metrics. By conducting thorough research on the relationship between employee turnover and organizational performance, this paper offers valuable insights and recommendations to organizations seeking to optimize their performance by managing and minimizing employee turnover.

Key Words: Organizational performance, productivity, organizational stability, career growth opportunities, employee engagement.

1. INTRODUCTION:

Employee turnover refers to the rate at which employees leave an organization and need to be replaced. It is an important metric that measures the stability of the workforce. The relationship between employee turnover and organizational performance is significant.

High employee turnover can have several negative impacts on organizational performance. Firstly, it can increase recruitment and training costs as new employees need to be hired and trained to fill the vacant positions. This can be both time-consuming and expensive for an organization.

There are several consequences of high employee turnover for an organization. First and foremost, replacing workers is typically an expense for organizations. The cost of recruiting, screening, and hiring new employees, as well as the cost of onboarding and training, can all add up to significant expenses for a business, especially if the turnover rate is high. High turnover rates may also indicate issues with the hiring process or a lack of effective retention efforts, which can be costly to address.

In addition to the financial costs, high turnover rates can lead to a loss of institutional knowledge, skills, and expertise. Experienced employees leaving the organization can make it more difficult for remaining employees to perform their duties effectively. It may also disrupt work processes, leading to decreased productivity and delays. Teams may need to spend additional time and resources on training new hires, which can disrupt workflows and decrease efficiency.

Furthermore, high turnover rates may have a negative impact on employee morale. As employees leave the organization, their colleagues may feel increasingly uncertain about their own job stability. This can lead to a lack of motivation, decreased productivity, and increased absenteeism. Institutional knowledge and relationships built between co-workers over time are also lost, creating a sense of disconnection and leading to decreased collaboration.

On the other hand, low turnover rates can indicate greater job satisfaction and employee commitment, which can be beneficial for organizational performance. Organizations can take steps to address high turnover rates and improve employee retention. This may involve addressing underlying issues with job roles, company culture, compensation, and career advancement opportunities. By focusing on employee engagement, satisfaction, and well-being, organizations can improve retention rates and create a more stable and productive work environment.

1.1 NEED OF THE STUDY:

Studying employee turnover and its effects on organizational performance is crucial for organizations. Firstly, it allows organizations to develop effective retention strategies. By understanding the reasons behind turnover, such as poor work environment, inadequate compensation, limited growth opportunities, or low employee engagement, companies can implement targeted improvements to retain employees and reduce turnover rates.

Secondly, studying turnover helps organizations conduct a cost analysis. Employee turnover can be costly, considering expenses related to recruitment, training, and onboarding new employees. Additionally, productivity loss during the transition period and potential negative effects on customer satisfaction and revenue need to be evaluated. This analysis provides valuable insights into the financial impact of turnover and aids in making informed decisions and resource allocations.

1.2 SCOPE OF THE STUDY:

The scope encompasses analyzing various factors that contribute to employee turnover, such as job dissatisfaction, work-life balance, career development opportunities, and organizational culture. Additionally, the study can shed light on the effects of turnover on critical organizational outcomes, including productivity, employee morale, customer satisfaction, and financial performance. By conducting a comprehensive analysis, including data collection methods such as surveys, interviews, and archival research, this study can generate evidence-based findings to guide decision-making processes and inform human resource management strategies. The scope also extends to identifying best practices, interventions, and policies that can be implemented to minimize turnover rates and maximize overall organizational performance. Ultimately, this study aims to generate valuable knowledge that can be applied not only to Optum Global Solutions but also to other organizations facing similar challenges in managing employee turnover and enhancing organizational performance.

1.3 OBJECTIVES OF THE STUDY:

1. To study the current employee turnover rate at Optum Global Solutions and identify any significant changes or trends over a specific time period.
2. To investigate the reasons behind employee turnover at Optum Global Solutions, including factors such as job satisfaction, work-life balance, compensation and benefits, career growth opportunities, and organizational culture.
3. To analyze the impact of employee turnover on various aspects of organizational performance, such as productivity, employee morale, team dynamics, and customer satisfaction.
4. To evaluate the organizational culture at Optum Global Solutions Pvt. Ltd and identify areas for improvement in terms of leadership, recognition, and job satisfaction.
5. To explore the reasons behind employee turnover within the organization, including factors such as work environment, compensation, growth opportunities, and employee engagement.

1.4 HYPOTHESIS:

Null Hypothesis(H₀): There is no significant relationship between job satisfaction, work-life balance, compensation and benefits, career growth opportunities, organizational culture, and employee turnover at Optum Global Solutions.

Null Hypothesis (H₀₁): There is no significant impact of employee turnover on productivity, employee morale, team dynamics, and customer satisfaction at Optum Global Solutions.

2. REVIEW OF LITERATURE:

Kenneth J. Meier, Alisa Hicklin, 4, October 2008. They said that study examines a provocative but little supported hypothesis that has recently emerged in the private sector literature—that turnover may provide positive benefits to the organization, at least up to a point. Using data from several hundred public organizations over a nine-year period, we test the proposition that moderate levels of turnover may positively affect organizational performance.

Lee, S. (2018) They opined that the results confirm the relationship differs across the type of turnover involved: Given the use of a perceptual measure of organizational performance by remaining employees, these results imply that a low-to-moderate level of employee transfers is likely to increase organizational performance and that involuntary turnovers—an elimination of employees who presented poor performance or were involved in misconducts—contribute to improving organizational performance.

Ferreira, L. C. de M., & Almeida, C. B. de A. (2015). They used data from a single company with several comparable branches and tested whether stores with lower employee turnover have better financial and organizational results (sales and workplace accidents, respectively). This study also analyzes whether Human resources practices, such as rewards, recognition and training, affect employee turnover.

Ester Ellen Trees Bolt, Kenneth Cafferkey, Keith Townsend, Margreet van der Cingel, They said that the study investigates the relationship between overall employee turnover and operational performance and whether organisational culture is a moderator. Using a sample of 114 outpatient centres from a health-care system, we found a strong negative relationship between employee turnover and operational performance. Additionally, we found that organisations with a relatively stronger group-oriented organisational culture did not experience lower operational performance in the presence of high turnover.

McElroy, J. C., Morrow, P. C., & Rude, S. N. (2001).. Data were collected from 31 regional subunits of a national financial services company to examine differential effects of 3 types of turnover (voluntary, involuntary, and reduction-in-force) on measures of organizational subunit performance. The results confirm the negative effects of downsizing, suggesting the need to move beyond the traditional voluntary-involuntary classification scheme used in turnover research. (PsycInfo Database Record (c) 2022 APA, all rights reserved).

3. RESEARCH METHODOLOGY

The basic principle in the research has been adopted in the overall methodology. The following methodology has been used for meeting the requirements,

3.1 Sources of data:

Primary Data: A structured questionnaire was used for collection of data. The questionnaire contained questions on the following aspects:

- Personal Data
- Knowledge and awareness on performance appraisal system.
- Opinion on performance appraisal system
- Suggestions

Secondary Data: The data that is already written and has gone through prior statistical analysis.

3.2 Sample Technique: Excel, SPSS, SmartPLS

3.3 Sample Size: 70

3.4 LIMITATIONS OF THE STUDY:

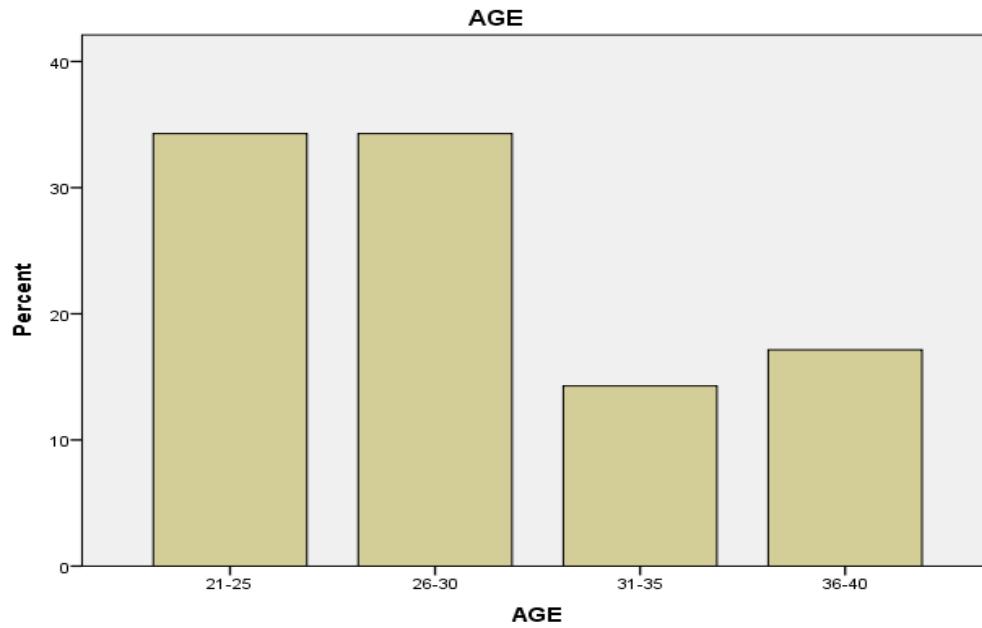
- **Organizational Changes:** Changes within the organization during the study period, such as restructuring or changes in management can influence the results and complicate the analysis.
- **Confidentiality and Ethical Considerations:** Ensuring confidentiality and obtaining consent from participants might limit the scope of data collection and depth of analysis.
- **Employee Diversity:** Differences in demographics, skills, and experience levels of employees can influence the impact of turnover on performance, making it challenging to draw broad conclusions

4. DATA ANALYSIS AND INTERPRETATION:

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data.

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-25	24	34.3	34.3	34.3
	26-30	24	34.3	34.3	68.6
	31-35	10	14.3	14.3	82.9
	36-40	12	17.1	17.1	100.0
	Total	70	100.0	100.0	



INTERPRETATION:The data illustrates that the majority of the sample falls within the younger adult age ranges of 21-30 years, with each of these groups (21-25 and 26-30) accounting for approximately one-third of the total sample. The older age groups (31-35 and 36-40) constitute smaller but still notable portions of the sample, indicating a balanced representation across a range of adult ages.

GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	16	22.9	22.9	22.9
Female	54	77.1	77.1	100.0
Total	70	100.0	100.0	

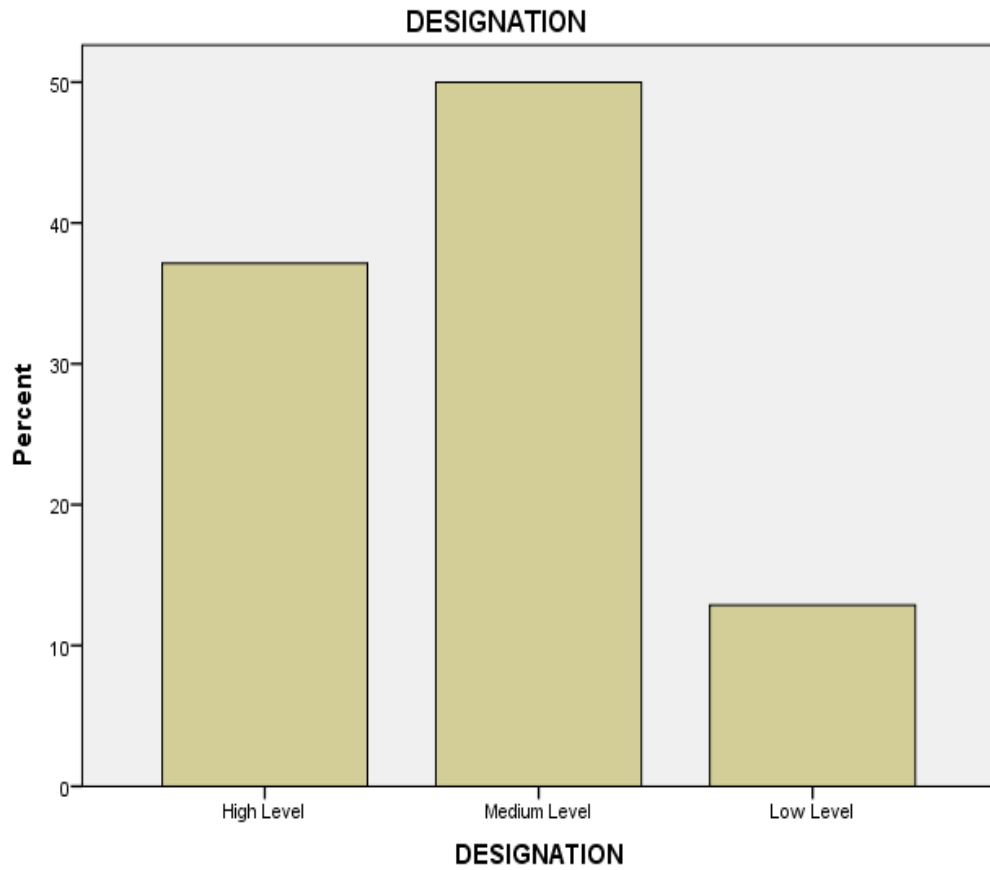


INTERPRETATION:The majority of respondents (74.6%) identified as male, while 23.9% identified as female.

- There is a small percentage (1.4%) of respondents who did not specify their gender.

DESIGNATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High Level	26	37.1	37.1	37.1
	Medium Level	35	50.0	50.0	87.1
	Low Level	9	12.9	12.9	100.0
	Total	70	100.0	100.0	

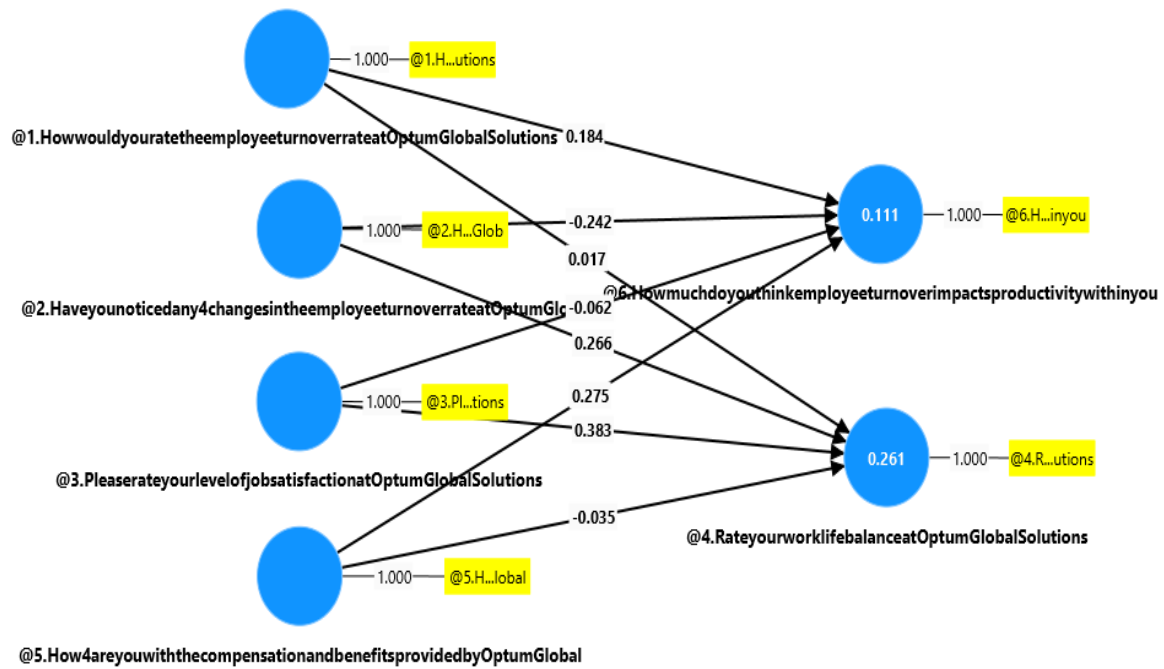


INTERPRETATION: The data shows a distribution of three different designations among the respondents.

- The most common designation is designation 2 (54.9%), followed by designation 1 (36.6%) and designation 3 (7.0%).
- There is a small percentage (1.4%) of respondents who did not specify their designation.

HYPOTHESIS TESTING:

Null Hypothesis(H₀): There is no significant relationship between job satisfaction, work-life balance, compensation and benefits, career growth opportunities, organizational culture, and employee turnover at Optum Global Solutions.



INTERPRETATION:

Employee Turnover Rate:

There are two ratings provided: 0.017 and 0.184. These values seem to be on a scale, possibly indicating different perspectives or different times of measurement. A low value like 0.017 might indicate a low turnover rate, while 0.184 might indicate a slightly higher but still relatively low rate.

Noticed Changes in Employee Turnover Rate:

The ratings here are 0.266 and -0.242. A positive value (0.266) might indicate an increase or improvement, whereas a negative value (-0.242) might suggest a decrease or deterioration in the turnover rate.

Job Satisfaction:

The ratings are 0.383 and -0.062. The higher value (0.383) suggests a higher level of job satisfaction, while the negative value (-0.062) suggests some dissatisfaction.

Work-Life Balance:

There is no data provided for this question.

Compensation and Benefits Satisfaction:

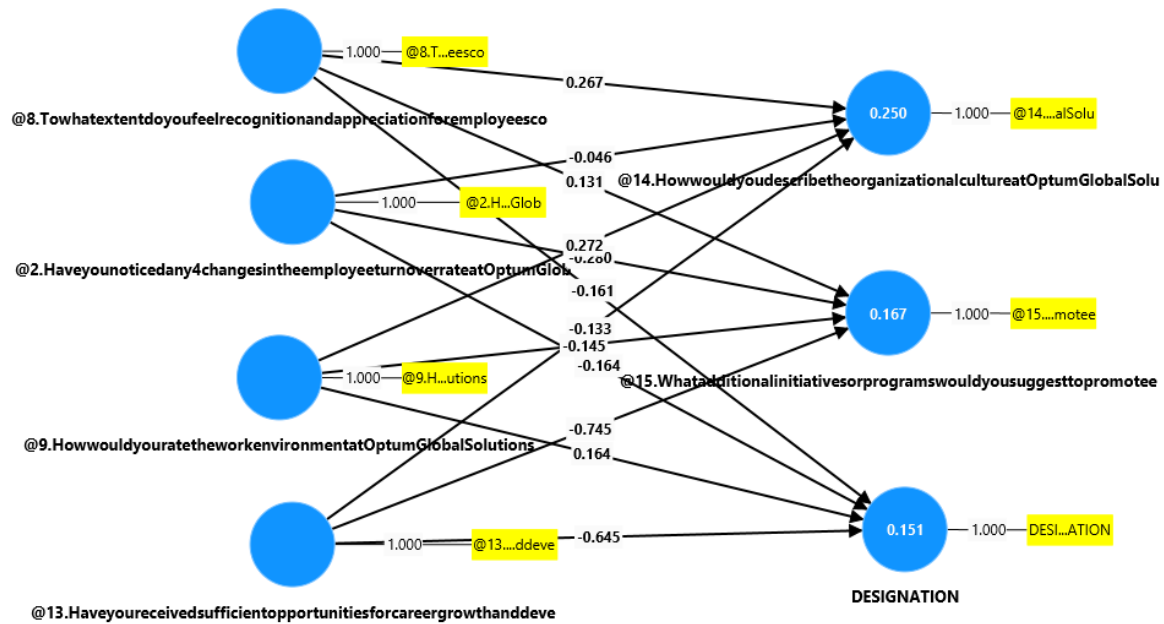
The ratings are -0.035 and 0.275. The negative value (-0.035) suggests some dissatisfaction with compensation and benefits, while the positive value (0.275) suggests satisfaction.

Impact of Employee Turnover on Productivity:

There is no data provided for this question.

The data suggests varying levels of satisfaction and perceptions regarding employee turnover, job satisfaction, and compensation and benefits at Optum Global Solutions. There are both positive and negative ratings, indicating diverse experiences and opinions among employees. The absence of data for work-life balance and the impact of turnover on productivity limits a full interpretation in these areas.

Null Hypothesis (Ho1): There is no significant impact of employee turnover on productivity, employee morale, team dynamics, and customer satisfaction at Optum Global Solutions.



INTERPRETATION:

Career Growth and Organizational Culture:

There is a weak negative correlation (-0.133) between sufficient opportunities for career growth and positive descriptions of organizational culture. This suggests that those who feel they have sufficient career growth opportunities might not necessarily describe the organizational culture positively.

Career Growth and Additional Initiatives:

A stronger negative correlation (-0.743) exists between perceptions of career growth opportunities and suggestions for additional initiatives, indicating that those who feel they lack career growth opportunities are more likely to suggest new initiatives.

Career Growth and Designation:

There is a negative correlation (-0.645) between career growth opportunities and designation, implying that higher designation levels may correlate with fewer perceived opportunities for career growth.

Employee Turnover and Organizational Culture:

A very weak negative correlation (-0.046) between noticed changes in employee turnover and organizational culture suggests little to no relationship between these two variables.

Employee Turnover and Additional Initiatives:

A moderate negative correlation (-0.451) suggests that those who notice changes in turnover are more likely to suggest additional initiatives for improvement.

Recognition and Job Satisfaction:

There is a positive correlation (0.267) between feeling recognized and appreciating the organizational culture, indicating that recognition and appreciation are linked to more positive views of the culture.

Recognition and Additional Initiatives:

A weak positive correlation (0.139) suggests that those who feel recognized are slightly more likely to suggest additional initiatives.

Work Environment and Organizational Culture:

There is a positive correlation (0.272) between rating the work environment positively and describing the organizational culture positively.

Work Environment and Additional Initiatives:

A strong positive correlation (0.701) indicates that those who rate the work environment positively are also likely to suggest additional initiatives.

Career Growth, Work Environment, and Additional Initiatives:

A strong negative correlation (-1.227) suggests a significant inverse relationship, meaning those who perceive limited career growth opportunities and rate the work environment poorly are much more likely to suggest additional initiatives.

The data provides insight into the relationships between various aspects of employee satisfaction at Optum Global Solutions. It highlights areas where perceptions are strongly linked, such as career growth opportunities and suggestions for new initiatives, and areas with weaker correlations, like the relationship between turnover perception and organizational culture.

5. FINDINGS:

- A generally low turnover rate, with some variations indicating slight increases.
- Mixed changes in turnover rate, with both improvements and deteriorations noted.
- Varied job satisfaction levels, with a majority leaning towards high satisfaction but some employees expressing dissatisfaction.
- This mixed feedback suggests that while many employees have positive experiences, there are areas that could benefit from further attention and improvement. Addressing the areas of dissatisfaction could help in enhancing overall employee satisfaction and retention.
- Weak correlation between career growth opportunities and positive views of organizational culture. Strong correlation between perceived lack of career growth opportunities and the suggestion of new initiatives.
- Higher-level employees feel they have fewer career growth opportunities.
- Little relationship between changes in turnover rates and organizational culture perceptions.

5.1 SUGGESTIONS:

- Foster a culture of open communication and feedback to understand and address employee dissatisfaction effectively.
- Invest in career development opportunities across all levels to improve job satisfaction and retention.
- Strengthen organizational culture by promoting transparency, fairness, and inclusivity.
- Address disparities in career growth opportunities among higher-level employees to enhance engagement and retention.
- Continuously monitor employee feedback and evaluate initiatives to ensure they align with organizational goals and employee needs.
- Promote a supportive work environment that encourages professional growth and recognizes employee contributions.

CONCLUSION:

Organizations aiming to optimize performance should focus on understanding the nuanced relationship between employee turnover and various performance metrics such as productivity, morale, customer satisfaction, and financial outcomes. By implementing the suggested strategies and continuously monitoring feedback, organizations can effectively manage turnover, enhance employee satisfaction, and ultimately improve overall organizational performance. This project offers valuable insights and practical recommendations for organizations seeking to navigate and mitigate the challenges associated with employee turnover.

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