Collective Data on Collective Turnover: What Factors Most Affect Turnover Rates?

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Collective Data on Collective Turnover: What Factors Most Affect Turnover Rates?

Abstract
Overview and Key Findings:

Numerous studies of the causes and consequences of organizational turnover—that is, turnover rates rather than an individual's decision to stay or leave—have appeared in the last century. Using meta-analysis (a quantitative methodology for summarizing results across studies), Cornell researchers (Ph.D. students Angela Heavey and Jake Holwerda, along with faculty member John Hausknecht) analyzed data from 82 published studies and found:

- Investments in high-commitment HR systems, emphasis on internal mobility, and provision of firm-specific training were associated with lower turnover rates;
- Positive attitudes toward the job, supervisors, and the organization were associated with lower turnover, but effects were weaker than those found for high-commitment HR systems;
- Expectation-enhancing practices such as electronic monitoring and job routinization forecasted higher departure rates; similarly, greater availability of alternatives in the labor market signaled higher turnover;
- Lower turnover was associated with certain employee characteristics—turnover dropped as the average age and average tenure of employees increased (or, turnover was highest among younger and less tenured workers);
- There was robust evidence showing the damaging effects of increased turnover on multiple HR and business outcomes including customer satisfaction, production efficiency, sales, financial performance, error rates, and absenteeism; and
- Many of the causes and consequences of turnover are well-documented: Organizations can actively reduce, maintain, or increase turnover rates for specific employee groups with adequate attention and resources.

Keywords
analytics, turnover, causes of turnover, retention, electronic monitoring, evidence-based management, human resources metrics, human resources

Disciplines
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COLLECTIVE DATA ON COLLECTIVE TURNOVER: WHAT FACTORS MOST AFFECT TURNOVER RATES?

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**Topic: What are the Causes and Consequences of Group Turnover?**

The issue of collective turnover—i.e., “the aggregate levels of employee departures that occur within groups, work units, or organizations” (Hausknecht & Trevor, 2011, p. 353)—has a long history in management circles. Turnover within certain topical areas such as strategic human resource management has a substantial amount of data, but there has been little systematic attention to understanding which factors matter most across various research domains.

In this study, researchers take a broad view of collective turnover to organize its relevant causes and consequences conceptually and then use meta-analysis to determine which factors matter most from an empirical standpoint. Throughout the paper, the terms *collective turnover* or simply *turnover*, are used, recognizing that similar terms exist (e.g., *unit-level* or *organizational turnover, turnover rates*).

**Organizing the Causes and Consequences of Turnover**

- The researchers organized the multitude of specific turnover causes into six broad categories:
  1. HRM inducements and investments,
  2. HRM expectation-enhancing practices,
  3. shared attitudes toward the job and organization,
  4. quality of workgroup and supervisory relations,
  5. job-alternative signals, and
  6. job-embeddedness signals.
Following past work, the researchers organized consequences into proximal outcomes (signifying direct outputs and including measures such as customer satisfaction, production efficiency, and error rates) and distal outcomes (capturing the financial returns—e.g., sales, profits—generated by the group’s or firm’s activities).

**Figure 1: Which Employee Characteristics and HR Practices are Most Important in Predicting Turnover?**

To summarize factors associated with turnover, Figure 1 shows the absolute values of each weighted mean correlation against its associated number of studies. Points in the lower left quadrant signal weaker relationships and a relatively smaller number of studies. The lower right quadrant shows correlations that are similarly weak, but have received more research attention, such as alternative availability, establishment age, and unemployment rate.

The upper quadrants depict the strongest correlations, highlighting the importance of certain employee characteristics (average employee age, average employee tenure, and unionization percentage) and HR practices (high-commitment HR systems, internal mobility, and routinization) in predicting turnover.
Curbing Turnover in the Short and Long-Term

Both organizational investments in employees as well as inducements to maintain current employment generally led to lower turnover. Such investments generally decrease the desirability of departure for employees. As organizations become less willing to see employees leave and employees themselves become less willing to go, their respective values align and turnover is reduced. Conversely, expectation-enhancing practices such as routinization and electronic monitoring had a substantial effect on driving workers from their firms. These results suggest that those employment practices that constrain employee decision-making processes or involve intensive employee monitoring may have particularly deleterious effects on turnover (Batt & Colvin, 2011).

In addition, positive shared attitudes toward the job and organization as well as positive shared perceptions of workgroup and supervisory relations generally equated to fewer departures. Factors pertaining to employee attachment to jobs and firms—as opposed or in addition to those pertaining to opportunity to leave—emerged as particularly important.

Researchers also found that firm-specific (versus general) training led to less turnover, suggesting that its reduced visibility and value to external employers may generate organizational benefits by inducing employee retention and protecting organizational investments that presumably drive productivity and performance. In addition, actual promotion rates (as opposed to perceived internal mobility) resulted in lower employee turnover.

Finally, results supported the notion that collective turnover negatively affects a multitude of performance outcomes including reduced customer satisfaction, production efficiency, and sales. Further, higher turnover was associated with increased counterproductivity and error rates.

The Data Source

- Included studies had to report a correlation between collective turnover rates and a unit-level antecedent or consequence. The researchers retained
for analysis any antecedent or consequence variable so long as three or more independent effect size estimates were available. Studies reporting only individual-level turnover were omitted. After applying these criteria, a final sample of 82 studies and 694 effect sizes was retained.

- To create the list of included variables, the researchers independently examined variable names, construct definitions, and measures used in primary studies. They independently categorized variables as causes or consequences based on existing frameworks. Appendix A of the article lists the 52 included variables—40 causes and 12 consequences—and provides definitions, citations, and sample variable names used by the original authors.

**Future Studies**

The research team highlighted several avenues for future research. First, very few of the studies were aimed at testing interventions that were specifically designed to reduce turnover. Further studies are needed that track turnover rates over time before and after the introduction of programs designed to influence employee retention.

Further, conclusions about turnover interventions (e.g., HR practices) or turnover’s effects on performance depend, in part, on exactly who leaves. In nearly every study reviewed here, turnover rates included a mix of high, average, and low performers as well as an assortment of leavers who departed different occupational levels. Conducting studies that isolate the potentially unique causes and consequences of turnover for different employee groups is an especially valuable area for future research.

**The Takeaway**

- Organizations should continue to monitor turnover rates via HR dashboards or other reporting tools. Rising turnover rates forecast numerous performance deficiencies and signal overall workforce “health” or functionality.
- Stronger relationships for internal mobility, high commitment HR systems, and participation-enhancing work design suggest the utility of these practices in reducing turnover; however, given substantial development and
Managers who eliminate electronic monitoring and routinization may enhance retention. Further, given the consistency of relationships between shared attitudes and perceptions of workgroup or supervisory relations, managers could target unit-level aggregates of these variables.

Managers should note that rank-order comparisons of turnover across work units – such as dashboards showing the “top five” and “bottom five” units invite simplistic and potentially misleading inferences (e.g., that turnover is mostly traceable to leadership quality). Turnover is determined by worker characteristics, establishment characteristics, HR practices, and labor markets and is not solely a reflection of weak leadership or low engagement.

A promising way to evaluate turnover interventions is to pilot interventions and assess their efficacy using metrics/analytics—an approach consistent with the recent push towards “evidence-based management.”

Citation


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References
