

A STUDY REPORT ON CAUSES AND EFFECTS OF EMPLOYEE TURNOVER IN CONSTRUCTION INDUSTRY

A LITERATURE REVIEW

Mr. K HARISH¹, Mr. IRFAN EC²

¹Assistant Professor, Department of Civil Engineering, RVS Technical Campus, Coimbatore-600025, India

²P.G. Student, Department of Civil Engineering, RVS Technical Campus, Coimbatore-600025, India

Abstract - *Employee turnover* refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to **human resources** practitioners.

The aim of this research study is not to propose a new employee turnover process but to understand the major issues faced with it in **construction industry**. The study will be conducted on construction companies in **Kerala, India** and will comprise a **questionnaire survey** and a series of **interviews** with all level of employees involved in these construction projects.

Keywords: *Employee Turnover, Human Resource, Construction industry, Questionnaire Survey, Kerala - India, Interviews*

1. INTRODUCTION

According to a survey made in India, the attrition rate of employees in the construction sector is about 20 to 25 % (Construction World, 2008). Employee attrition results in loss of productivity, profit, time, resources etc. The employees working for a longer period of time in the same company will be more familiar with the company's policies and guidelines, and thus can adjust better. It has been observed that the individual serving an organization for a longer span would be more loyal towards the management and the organization. Thus, retention of employees is important for the firm's performance. If the company is not able to retain the employees, it will not be able to capitalize on the human assets developed within the organization. It is therefore imperative for the management to reduce to the minimum, the frequency at which employees quit the organization.

The recruitment procedure in the construction industry is not so encouraging; construction companies must improve their methods of retaining their managers and engineering supervisors. A culture of mobility has emerged in the industry which has led to a workforce of corporate

mercenaries that coldly drift from job to job. Training investments to retain employees may be fruitful, by making the professionals more productive. Thus, the migration of the project managers/ engineers is an important factor to be considered and handled carefully, for the successful completion of the construction projects with the expected economic growth.

The construction industry is a fine example of the project environment, with a high level of complexity due to the heterogeneity of the working force. Most of the activities are small jobs done by a human workforce outsourced by many vendors. So the knowledge lies with the engineers at the site to lead the company's projects successfully. It takes an effort by the anchoring company, which is the primary contact point to maintain the right kind of relationship with quality vendors, who can fulfil their promises on time, at the right cost, and with the prescribed quality. They will become coaches to reliable vendors to serve them on an ongoing basis. These engineers will have to be retained; otherwise, the knowledge gained in different projects is lost by the company by losing these engineers.

From the review of earlier studies, it is understood that most of the Indian construction companies especially in Kerala region do not follow any effective retention strategy, which clearly defines the need for this study. It is also found that most of the available retention studies are carried out in other developed countries; therefore, in the present study it is proposed to carry out research to identify the factors that influence the migration of the employees in the prevailing work environment in the construction companies in Kerala. Subsequently, the study suggests the retention measure for the engineers.

2. LITERATURE REVIEW

Muhammad Aminu (2005)(1) state that involuntary turnover is lower in organizations with effective staffing practices and good employee monitoring system through performance appraisal as a way to keep track of the contributions of each employee. Economic factors such as availability of alternative jobs are most likely relevant in explaining the turnover process

Henry Ongori (2007)(2) suggests that Employees are the backbone of any business success and therefore, they need to be motivated and maintained in organisation at all cost to aid the organisation to be globally competitive in terms of providing quality products and services to the society. And in the long-run the returns on investments on the employees would be achieved. Management should encourage job redesign-task autonomy, task significance and task identity, open book management, empowerment of employees, recruitment and selection must be done scientifically with the objective of retaining employees.

Foong-ming et al., (2008)(3) state that the long term prospects of internal promotional opportunity are another form of important recognition of one's performance. Knowledge-intensive organizations have less hierarchical layers, and this consequently leads to less opportunity for knowledge workers. The availability of career-inducement programs leading to promotion is hence strong organizational recognition to reduce the intention of knowledge workers to look for other alternatives.

Zeynep Ton et al (2008)(4) find that, on average, employee turnover is associated with decreased performance, as measured by profit margin and customer service. The effect of turnover on performance, however, is mitigated by the nature of management at the store level, where performance depends on the repetition of known tasks, managers can reduce turnover's effect by imposing process discipline through standard operating procedures.

Kuo-Shun Sun (2011)(5) suggests that the quality of the national infrastructures and the construction projects are the important basis to get the high level of living of nationals. An engineering consultant company needs excellent engineers to take and to maintain the quality of the project and competitive edges in the engineering industry. If organizations are to effectively manage turnover of employees, they need to understand how to influence the reasons employees think about quitting.

Ahmad Faisal Mahdi et al., (2012)(6) when employees viewed their jobs as interesting, challenging and gratifying, providing opportunities for autonomy, self-direction and the use of multiple skills and abilities, they are likely to experience a positive emotional state, which in turn, lead them to feel committed to their jobs and organization. For this reason, their intention to leave the current institution will be reduced.

Ms Muskan Khan (2012)(7) suggests that Retirement of experienced employees can cause high rates of turnover and extreme loss in productivity, particularly in industries where there is little competition. Work stress related to particular types of jobs can also cause turnover.

Dr. R. Akila (2012)(8) points that the effective human resource management must be practiced at both strategic

and day-to-day levels. HR management practices must reflect company policy as to how it will manage and relate to its employees. The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively.

Ramesh Kumar et al., (2012)(9) argue that organizational culture is the most significant in this study, that affects turnover intention. Research group suggest that top management need to make sure that the employees and newcomers are fit into the organizational culture and feel that they are good match with the organization. When newcomers join the organization, top management can provide those

Humphrey Danso (2012)(10) suggests that the pension benefit is also vital to improve the well-being of workers in the construction industry. Because the employers want to run away from the contribution of pension scheme for their workers, they adopt the strategy of employing large number of workers on casual basis. Provision of annual leave is mandatory in every country and therefore workers should not be denied of such provision to enable them have some benefits after going on retirement.

Dong-Hwan et al (2012)(11) argue that there is a gradual rise in the importance of competent employees in the competitive society and in the fast changing environment. While companies put more efforts into recruiting and managing human resources, there is more turnover taking place. Therefore, strategic approaches to the concern and management of turnover are needed.

Prof. Xu Ming, PhD et al., (2012)(12) suggested that the employees in low-status occupations would have higher rates of turnover than employees in higher-status occupations who are generally well informed and paid.

Dr. Riyaz Rainayee (2012)(13) suggests that among job factors, it was found that employees who perceive lack of challenging assignments and vague team relationships were more prone to leaving their organizations. Organizational commitment, organizational policies, challenging assignments, and salary are the important tools of employee retention.

Bandhanpreet Kaur et al (2013)(14) states that the factors quality of work life, job stress, job satisfaction and organizational justice have an impact on the turnover intentions. As turnover intentions are the antecedent of the turnover of the employees. Thus it is important for the organization to design strategies to improve the above factors so that the performance and efficiency of the employees can be improved which can in reduce the turnover intentions ultimately.

Dr Riyaz et al., (2013)(15) findings reveal that the organization needs to provide substantial opportunities for growth and development of their employee at the workplace. Further, there is need to invest in training and create knowledge management panels enabling the employees to share their skills with each other and reinforce their abilities more efficiently. Under this circumstance, leaving his current job has more opportunity cost for the employee and he would likely prefer to stay.

Anantha et al., (2013)(16) states that Job satisfaction has the largest direct effect on turnover intent. Therefore, if factors that attract people to organizations strategies are taken into account the business would be able to survive in a dynamic environment by treating their employees as one of their assets which needs a lot of attention. Employees are the backbone of any organization, they need to be motivated and maintained in an organization at all cost to aid the organization to be globally competitive in terms of providing quality products and services to the society.

Vyas Gayatri et al., (2013)(17) suggests that turnover is a problem that plagues the construction industry and indirectly increases overall costs. Measuring the costs associated with workers leaving the company to seek work elsewhere, and the cost of training new employees to fill those positions, is a valuable tool for determining overall construction performance.

Abhijeet Gadekar et al., (2014)(18) states that Company success and failure is not only extremely disruptive to an industry but may also cause significant rippling effects in an economy. Construction companies are vulnerable to bankruptcy due to the fragmented nature of the industry, high competition, the high uncertainty and risk involved, and considerable fluctuations in construction volume. It is important to recognize any potential company success and failures at the earliest opportunity.

3. CONCLUSIONS

Studies and discussions were done Employee Turnover at various fields based on the journals collected. Although different types of turnover exist, the general definition is that turnover occurs when the employment relationship ends. Turnover and attrition – terms that are sometimes used interchangeably or together when describing the departure of an employee – are different. Attrition generally refers to the end of the employment relationship due to retirement, job elimination or employee death, and is distinguishable from turnover because when attrition occurs, the position is not filled with a new employee.

Employee turnover calculations may also factor in different types of turnover, such as involuntary and voluntary, or even more specific reasons why employees leave, such as poor performance, absenteeism or employees accepting new jobs

elsewhere. Turnover calculations are helpful to determine hiring costs, training requirements or estimating staff time devoted to recruitment activities. A questionnaire was made which is submitted along with.

REFERENCES

- [1] Muhammad Aminu Bawa and Muhammad Jantan , Human Resource Practices As Determinants Of Employee Turnover: An Empirical Investigation , Asian Academy of Management Journal, Vol. 10, No. 2, 69-80, July 2005.
- [2] Henry Ongori , A Review Of The Literature On Employee Turnover , African Journal of Business Management pp. 049-054, June 2007 : ISSN 1993-8233, 2007.
- [3] Foong-ming, Tan , Linking Career Development Practices to Turnover Intention: The Mediator of Perceived Organizational Support , Business and Public Affairs Volume 2, Issue 1,2008 , ISSN 1934-7219.
- [4] Zeynep Ton, Robert S. Huckman , Managing the Impact of Employee Turnover on Performance: The Role of Process Conformance , Vol. 19, No. 1, February 2008, pp. 56-68, ISSN 1047-7039.
- [5] Kuo-Shun Sun , The Turnover Intentions For Construction Engineers , Journal of Marine Science and Technology, Vol. 19, No. 5, pp. 550-556 (2011).
- [6] Ahmad Faisal Mahdi , Mohamad Zaid Mohd Zin , Mohd Roslan Mohd Nor, Ahamad Asmadi Sakat and Abang Sulaiman Abang Naim , The Relationship Between Job Satisfaction and Turnover Intention , American Journal of Applied Sciences 9 (9): 1518-1526, 2012 ISSN 1546-9239.
- [7] Ms Muskan Khan , A Study on Trends and Issues of Employee Turnover in Education Sector with Special Reference to Professional and Technical Institutes in Twin Cities of U.P , International Journal of Emerging Research in Management & Technology, February 2013 ISSN: 2278-9359.
- [8] Dr. R. Akila, a Study on Employee Retention among Executives at BGR Energy Systems Ltd, Chennai. International Journal of Marketing, Financial Services & Management Research , Vol.1 Issue 9, September 2012, ISSN 2277 3622.
- [9] Ramesh Kumar , Charles Ramendran , A Study on Turnover Intention in Fast Food Industry: Employees Fit to the Organizational Culture and the Important of Their Commitment, International Journal of Academic Research in Business and Social Sciences May 2012, and Vol. 2, No. 5: ISSN: 2222-6990.

- [10] Their Commitment, International Journal of Academic Research in Business and Social Sciences May 2012, and Vol. 2, No. 5: ISSN: 2222-6990.
- [11] 10. Humphrey Danso , Construction Workers' Satisfaction with Work Provision Requirement Dimensions in Ghana's Construction Industry, Journal of Engineering and Technology Volume 2 No. 9, September, 2012 : ISSN: 2049-3444.
- [12] Prof. Xu Ming, PhD , Nikola Zivlak, MSc and Marko Ljubicic, MSc , Labour Turnover In Apparel Retail Chains In China , IJIEEM Vol.3 No 1,2012, pp. 9-14 : ISSN 2217-2661.
- [13] 13. Dr. Riyaz Rainayee , Organization, Job, Perks And Employee Turnover Intentions, International Monthly Refereed Journal of Research In Management & Technology vol 1 December 2012, ISSN - 2320-0073.
- [14] Bandhanpreet Kaur, Mohindru and Dr. Pankaj , Antecedents of Turnover Intentions: A Literature Review, Global Journal of Management and Business Studies. ISSN 2248-9878 Volume 3, Number 10 (2013), pp. 1219-1230.
- [15] Dr Riyaz Ahmad Rainayee , Employee Turnover Intentions: Job Stress or Perceived Alternative External Opportunities , International Journal of Information, Business and Management, Vol. 5, No.1, 2013.
- [16] Anantha Raj A. Arokiasamy, A Qualitative Study on Causes and Effects of Employee Turnover in the Private Sector in Malaysia , Middle-East Journal of Scientific Research 16 (11): 1532-1541, 2013 : ISSN 1990-9233.
- [17] Vyas Gayatri S , Kulkarni Saurabh , Performance Indicators for Construction Project , ISSN (Print): 2278-8948, IJAEEE Volume-2, Issue-1, 2013.
- [18] Abhijeet Gadekar, Dr.S.S.Pimplikar , Success and Failure Factors of Indian Construction Companies , The International Journal Of Engineering And Science / Volume / 3 / Issue / 6 / Pages / 52-58 / 2014 , ISSN (p): 2319 - 1805.