

## Organization Strategies for Reducing Turnover Rate

### INTRODUCTION

Turnover rate increase is a negative symptom that should always awaken managers' vigilance: this destructive tendency affects a company's performance and creates problems within the team. There are many different reasons why some companies face high turnover rates and have to reduce those. The focus of the paper is the ways a firm may cope with the turnover rate problem at low cost. Such strategies as motivation, reward/pay incentives, leadership skills encouragement and training and development are discussed below.

### THE CASE STUDY

The organization decides to reduce a high turnover rate. As a result, its profit will decrease, and some workers will obtain small workload. Still, the company wants to keep the current number of the employees. The problem that should be solved is how to deal with the issue and not lose employees. The strategies for problem solving should not be too expensive as the company incurs losses.

### ORGANIZATION STRATEGIES FOR REDUCING TURNOVER RATES WITHOUT LOSING

#### EMPLOYEES

There are many strategies that may be offered to an organization that intends to save the staff. Motivation, reward/pay incentives and leadership skills encouragement are the main ways the company should follow taking into account training and development courses.

Motivation is one of the main strategies an organization should use to cope with the problem. Motivation "concerns the direction, intensity and persistence of

work behavior” (Arnold & Silvester, 2005, p. 347). If an employee is properly motivated on the workplace, he/she is unlikely to leave the company. Motivation is one of the most powerful factors of the progress, and if motivation is on the appropriate level, the results of the work may turn impressive.

As for the reward/pay incentives, it should be mentioned that one of the main aims why people work is financial encouragement. Still, the reward/pay incentives should be given for the best overall performance on the workplace or separate activities that are perfectly completed. Moreover, promised reward/pay incentives improve the quality of the work employees fulfill and help keeping them from the termination of the employment contract (Sims, 2002, p. 286).

Leadership skills encouragement is also important, as some employees can be good leaders and have positive influence on their colleagues. Such people should be also rewarded, as their positive influence of the workers leads to better results. Moreover, good leaders create healthy environment in the company. Leaders are people who can draw people’s attention and organize their work according to the generated plan. Leaders' mission is complicated, as they should find optimal methods of reaching goals and solve problems that appear in the process or the team’s work.

As it was mentioned above, the reduction of the turnover rate may lead to the situation when services of some of the employees become unnecessary. In this case, a training and development strategy should be implemented. This strategy is involvement of an employee into programs aimed at development and improvement of skills that may be useful to the organization. This is the most effective way to use these employees’ free time: when their workforce is needed again, they will be able to perform at a higher level. Rothwell, Lindholm and Wallick (2003) argue that

“training focuses on equipping individuals with the knowledge or skills they need to refine their performance to meet current work conditions” (p. 2).

#### ADVANTAGES AND DISADVANTAGES OF INCENTIVES AND HOW THEY ARE GOING TO AFFECT TURNOVER

The described incentives help fulfill management of the turnover rate effectively and at low cost. Their main advantage is the chance to show an employee that a company needs him/her and appreciates his/her efforts. Moreover, being inspired by different stimula, people begin to work harder and achieve better results (Gilbreth, 2008, p. 221).

Still, there are some disadvantages of the incentive system. First of all, the reduction of the turnover rate causes excessive spending and thus reduces the profit of the company. It becomes rather complicated to pay rewards to the workers or cover expenses on the employees' training. Secondly, some employees may enjoy the status quo being satisfied with both the salary rate and workplace responsibilities; in this case, the necessity to develop new skills and undergo various trainings may result in their emotional discomfort and sense of pressure.

#### CONCLUSION

Motivation, reward/pay incentives, leadership skills encouragement, training and development are the main strategies an organization should apply to reduce the turnover rates and not lose the employees. In fact, all the strategies are effective; however, there are some disadvantages an organization should bear in case the abovementioned methods are used. Besides reducing the turnover rate, incentives

improve employees' performance; at the same time, the company should pay attention to the losses it will have to incur in case this strategy is chosen.

## References

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