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The impact of human resource management practices on employee turnover

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Abstract

The aim of this research was to identify the human resource management practices that are effective for employee turnover reducing. For this purpose the methods of document analysis and expert survey were used. On the basis of analysis of the scientific literature retrieved from academic databases the human resource management practices, which were mentioned in connection with employee turnover, were detected and described its effect on employee turnover. By conducting two separate expert surveys the initial information about the spread of some identified human resource management practices and about the potential effectiveness of these practices in Latvian organisations, is acquired and analysed.

1. Introduction

Employee turnover as indicator reflects the rate of employees leaving the organisation in relation to the average number of employees in the organisation during the reporting period. As recent reviews of employee turnover studies show (Holtom et al., 2008; Steel & Lounsbury, 2009), these studies mostly are devoted to such type of employee turnover as voluntary employee turnover. There are many empirical studies confirmed the negative effect of the high level of voluntary employee turnover on organisation's productivity and profitability (Brown et al., 2009; McElroy et al., 2001), workforce performance (Shaw et al., 2005), instrumental communication and behavioural

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commitment (Mueller & Price, 1989), social capital (Shaw et al., 2005). The rate of employee turnover implies both economic and social effectiveness of human resource management of different types of organisations. This indicator is considered as one of the key indicators of organisation's general management and, directly, human resource management effectiveness. Since high level of voluntary employee turnover has negative impact to organisation's economic and social processes, the important role of human resource management is appraised in employee turnover reducing.

The theme of human resource management's impact on employee turnover is not so new in scientific studies at global level. Initially the specialists' interest to the role of management in the employee turnover process and to the managerial methods for employee turnover reducing emerged in the early 20th century (e.g. Douglas, 1919; Fisher, 1917; Willits, 1915). In contemporary scientific studies, the effect of human resource management on employee turnover is described by various ways: a) measuring the correlations between organisational performance, including the variables characterized the employee turnover, and human resource management effectiveness or human resource management systems, expressed as set of specific practices or techniques (e.g. Arthur, 1994; Huselid, 1995; Richard & Johnson, 2001), b) similarly to previously mentioned but focusing directly to the connections of employee turnover with human resource management systems (e.g. Gardner et al., 2011), c) measuring the employee turnover correlations with the specific human resource management practice (e.g. Barrick & Zimmerman, 2009) or d) with the specific technique of some practice (e.g. Williams, 2000), e) presenting the results of meta-analysis of employee turnover (e.g. Holtom et al., 2008), f) developing the employee turnover models (e.g. Steers and Mowday, 1981), g) discovering the non-managerial causes of employee turnover that could be avoided by the human resource management measures. Considering the abundance of employee turnover studies, nevertheless there is a lack of comprehensive review of human resource management practices impact on employee turnover. The certain progress is observed in studies on the turnover of information technology personnel (Ghapanchi & Aurum, 2011) and nurses (Daouk-Oyry et al., 2014) where on the bases of the systematic literature review the studies' authors provide more extensive list of human resource management practices influencing the turnover. The deliberate review of human resource management practices impact on employee turnover could contribute to better theoretical understanding and verification of how human resource management practices should be applied to reduce employee turnover in specific situations. Besides of having scientific value, the findings on this scope could contribute to employee turnover reduction's practical problems solving in organisations.

The aim of this research is to identify the human resource management practices that are effective for employee turnover reducing. The principal tasks of research are:

1)   to investigate the scientific studies concerned the human resource management practices' relationship with employee turnover, and identify the effective practices that are associated with low employee turnover;

2)   to explore the studies on employee turnover in Latvian organisations, to elicit and summarise the information of relevant studies for defining of the role of human resource management and the utility of specific practices in the reducing of employee turnover in domestic organisations;

3)   to clarify the spread of some identified effective human resource management practices and to evaluate its potential effectiveness to reduce employee turnover in Latvian organisations.

2. Method

The current research was accomplished using the quantitative and qualitative methods. To explore what practices of human resource management are effective for the reducing of employee turnover, the systematic literature review was conducted. The main sources of literature were online multidisciplinary academic databases as EBSCOhost Web and ScienceDirect. The criteria for database selection were 1) relevance to social science or in particular to scope of management or organisational behaviour, 2) full-text availability, 3) amount of sources containing term "employee/personnel/staff/labour/job turnover". The additional sources of literature were Scopus, ProQuest, SpringerLink, and Wiley Online Library databases. The relevant literature was selected among full-text articles by keywords "employee turnover" or "personnel turnover" or "staff turnover" or "labour turnover" or "job turnover" in article's title, subject terms (in EBSCOhost Web, keywords – in ScienceDirect) or abstract, and by keywords "personnel management" or "human resources management" or "human resource practice" in all fields of article. The search of literature in EBSCOhost Web was limited by criteria "Scholarly (Peer Reviewed) Journals" and

"References Available", and chosen articles written in English, Latvian or Russian language. The search in both databases was not restricted by article's publication data. The results of literature search were narrowed by excluding articles 1) explored only "turnover intention", 2) based only on qualitative methods, 3) lacking the quantitative results of research, or 4) analysed employee turnover only in governmental institutions. After assessing of selected articles' quality, the thematic analysis and integrated review were conducted.

Additionally to seeking the employee turnover and human resource management practices relationships, the special attention was focused on finding of evidences related to Latvian organisations in this scope. As the preliminary search results, obtained from global academic databases, revealed only a few relevant studies the Electronic Union Catalogue of Latvian libraries, Google Scholar and Google were used to collect and analyse information comprising theme of employee turnover in Latvian organisations.

To find out the spread of some identified effective human resource management practices and to evaluate its potential effectiveness to reduce employee turnover in Latvian organisations the expert survey method was applied. Two separate expert groups were formed. Both groups consisted of Latvian residents. First expert group included 14 experts with academic or practical experience in human resource management field. The experts of this group were offered to evaluate the spread of each of the 18 human resource management practices in Latvian organisations separately for private and public sector. The list of 18 human resource management practices was adapted from Guest's research (Guest, 2000) about high commitment-human resource management practices. The level of the spread of each practices was measured on a 5-point Likert scale (0 = this practice practically is not applied, 4 = this practice is applied very extensively), and then was analysed with descriptive statistics methods. The difference between experts' opinion sets concerning private and public sectors was checked using the non-parametric method - Wilcoxon criterion.

To get view about the potential effectiveness of explored above practices in Latvian organisations the second expert group was formed. This expert group included other 18 experts, 8 of them were without experience in human resource management, and 10 experts had such experience. The experts were offered to evaluate, in what extent each of the 18 human resource management practices enhance separately the employee commitment and the employee performance in Latvian organisations. The level of the potential of each practices was measured on 4-point scale (1 = this practice reduce, 2 = has not effect, 3 = enhance, 4 = very enhance the employee commitment/performance). Also the experts were offered to select at least 5 most effective practices, separately for employee commitment and performance, and to rank them (1= the most effective). Further the data was analysed with descriptive statistics methods and non-parametric method -Wilcoxon criterion. Besides of the analysis of central tendency and difference in human resource management practices' scores given to employee commitment and performance the difference between opinions of experts with or without the experience in human resource management field is analysed.

3. Results

The identified human resource management practices associated with low employee turnover could be grouped into following categories: job design; recruitment and selection; induction; training and development; succession planning; compensation and reward; performance management; internal communication; involvement; equal opportunities; employment security and prestige.

There is a lack of scientific research of human resource management impact to employee turnover in Latvian organisations.

The results of first expert survey revealed the insufficient spread of effective human resource management practices in Latvian organisations in both the private and public sector. The Wilcoxon test reported that there is not any significant difference observed in average scores of the evaluation of private and public sectors (at *P-value* less than *0.05*). The average scores of the spread of effective human resource management practices in private and public sectors are similar.

The results of second expert survey are in processing yet.

4. Conclusions

The insufficient spread of effective human resource management practices in Latvian organisations, revealed in expert survey, signalizes that there is a necessity for further researches and improvements in the field of domestic human resource management related both the theory and practice.

The future researches should explore the spread of effective human resource management in Latvian organizations on a more extensive sample basis. Moreover, it is necessary to investigate linkages between effective human resource management practices and performance outcomes, including employee turnover. As well it is necessary to verify the potential of specific human resource management practices and its combination to reduce turnover among various types of employee or employment situation in domestic organisations.

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