

# Effects of Employee Turnover on Employee Performance in the South African Construction Industry-A Review

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## Abstract

This study examines current literature on construction employee performance to identify the effects of employee turnover on employee performance. An employee's quality and characteristics are important attributes for success, for an organisation can't attain its goals and objectives without employees. The study is mainly a narrative review of the effects of employee turnover. The primary findings emanating from the study reveals that an organisation acquires cost when replacing employees who have left the organisation by training new employees. However, training must be carried out when there is a new employee to ensure that the new employee has the knowledge and expertise needed to perform work effectively. The study also identified loss of output, decreased business profitability, increased training cost of recruiting new employees, and deterioration in service quality as the effect of employee turnover on organisation performance and employee performance. The study pinpoints the effects of employee turnover on employee performance for policymakers to use the method for its minimisation.

## Keywords

employee, employee performance, performance, effects of employee performance, employee turnover.

## 1. Introduction

International and local companies are faced with a challenge of employee turnover, which poses a more significant threat to the workforce industry and economic development (Alias et al., 2014). Due to economic, socio-cultural, and technological changes throughout the world, particularly in the employee markets, employee performance is affected, leading to a strain on organization operations. Several academics, authors and or/ researchers have put some effort into defining and conceptualizing turnover concerning employee performance in the construction industry or context. Turnover is arguably a process whereby many employees leave an organization in a certain period (Ali Suba'a Al-sadi, and Khan, 2018). Ngo-Henha (2017) defines employee turnover as a state where an employee stop being a member of an organization.

According to Arokiasamy (2013), it is defined as "entrance of new employees into the organization and the departure of existing employees from the organization" and described as the rate of hiring new recruitments replacing the employees who have resigned. Meaning that turnover is a rate at which a certain number of employees choose or are forced to leave the current organization to pursue better opportunities or unhappy with the current employer or liability as one is no longer adding value to company goals and objectives (Bilau, Ajagbe, Sholanke and Sani, 2015). To clearly understand the turnover concept, the different types of turnover need to be discussed.

In the case where turnover occurs due to restructuring the company, or the employee performance does not meet the company's set expectations. It can also be referred to as the trimming staff and downsizing (Iqbal, 2010; Panigrahi and Rout, 2020). While discharge turnover describes a process of relieving an individual employee of his or her duties based on unacceptable, unethical behavior and job performance problems. Furthermore, a downsizing turnover forms part of reduction based on economic restrains, reducing cost, creating a pool for suitable candidates, and maximizing profits. While voluntary turnover explains the situation where the employee chooses to quit, or

turnover instances are initiated by employees' choice to leave the organization (Akinyomi, 2016). Arokiasamy (2013) state that voluntary turnover "An instance of voluntary turnover, or a quit, reflects employee's decision to leave an organization". Voluntary turnover is divided into avoidable and unavoidable turnover. Finally, the circumstances leading to a turnover are avoidable (Aman, 2015). An organization can prevent avoidable turnover by hiring, evaluating, and motivating its employees more efficiently (Arokiasamy 2013) while unavoidable turnover is caused by circumstances beyond an employer's control, such as an employee's death or disability due to tragedy or relocation (Arokiasamy 2013).

## 2. Research Methodology

The study was conducted as a systematic review with the aim of understanding on effects of employee turnover on employee performance. This study reviewed literatures on causes of employee turnover, effects of employee turnover on employee performance and the strategies for minimize employee turnover. The review of the literature was conducted from a collection of existing resources from the library, online journal articles, hard-copy journal articles, textbooks, theses/dissertations, and published conference papers on employee turnover globally. Retrieved literature include 24 publications in which there are 13 journal articles, 3 dissertation/thesis and 8 conference papers. The retrieved literature was limited to publications relating to the built environment only. Therefore, all studies carried out on other sectors were excluded from this study. The scope and focus of the retrieved literature are summarized in Tables 1 – 3.

**Table 1.** Courses of employee turnover

Courses	Description	Sources
Poor Remuneration	Poor remuneration is a significant cause of high employee turnover.	Akinyomi (2016), Mabindisa (2014)
Lack of Career Progression	When there are no career prospects in the organisation, employees' turnover increases.	Akinyomi (2016), Mabindisa (2014), Mrope and Bangi (2014)
Poor Interrelationship between Employees and Management	poor interrelationship between employees and the management tends to lead employees to quit	Akinyomi (2016)
Job Dissatisfaction	employees with pre-eminent job satisfaction have a positive attitude towards the job, but those with negative attitudes are often absent.	Akinyomi (2016), Mabindisa (2014), Mrope and Bangi (2014), Ongori (2007) Mumba (2014)
Work Environment	The work environment should be hazard free and safe for the employee to work.	Mabindisa (2014), Aman (2015)

**Table 2.** Effects of employee turnover on performance

	Description	Sources
Effects of employee turnover on employee performance	Employee turnover creates greater chances of promotions from lower ranks, motivating employees and increasing organisational performance.	Mrope et al. (2014) Obiero, 2011) Ogony (2017) Akinyomi (2016) Ongori (2007), Bilau, Ajagbe, Sholanke, and Sani, (2015), Mabindisa (2014) Kwame et al. (2017)

**Table 3.** Strategies to minimize employee turnover

	Description	Sources
Strategies to minimize employee turnover	Employee training. effective leadership to guide and lead employees in all the activities they perform. Imperative to have effective communication with employees	Arokiasamy (2013), Aman (2015) Mabindisa (2014). Wilson (2018).

### 3. Discussion

An organisation acquires cost when replacing employees who have left the organisation by training new employees. Training must be carried out when a new employee can ensure that the new employee can effectively perform work. Employee turnover affects employee performance because they get interrupted daily work, leading to low employee performance. Employee turnover might increase absenteeism, damage employee morale, and make unnecessary mistakes due to high-stress levels. Loss of output decreased business profitability, increased training cost of recruiting new employees, and decreased service quality due to employee turnover on organisation performance and employee performance.

The literature review indicates that employee turnover is a major problem for organisations with a high cost. The literature review also reveals a positive and significant correlation between job satisfaction and employee turnover, but satisfied employees are also prone to turnover their job. If there is greater job stress, employees tend to leave their jobs, increasing employee turnover. According to Moshood, Adeleke, Nawanir, Sorooshian, and Ajibike (2021) employee turnover in the Malaysian construction industry is at a rate that is greater than 10%. While in the South African construction industry the employee turnover rate as high as 19% (Rijamampianina, 2015).

### 4. Conclusions

An employee is an important asset in an organization and very essential in performing the organizational process and in achieving the organizational goals and objectives. It is of great importance for organization in the construction industry and other industries to have a clear understanding of the effects of employee performance on has on employee turnover. Employee turnover is significant due to the adverse effects on the operation and the organizational performance. A high employee turnover rate may lead to an adverse effect on organizational profitability. Employee turnover affects employee performance because they get interrupted on their daily work performance, leading to low employee performance. When an employee is unhappy, unsatisfied with their job, they perform poorly and are more likely to leave the organization any chance they get.

Employee turnover has both negative and positive impact on the organisation. The positive effect includes new ideas and skills are introduced into the company, it opens up promotion channel for employees, it helps in reducing redundancy in the organization and it also helps in replacement of poor performers. And the negative effect involves; loss of skilled manpower, additional cost of replacement recruitment, poor quality of work and difficulties in attracting new staff affect the organization most. All the respondents agreed to the positive effects, but options were checked for the negative effects (Ampomah and Cudjor, 2015). This includes Additional costs of replacement recruitment, Poor quality of work, Difficulties in attracting new staff organization, Loss of skilled manpower (Al-Hamed 2015).

Furthermore, research is needed to be conducted on the effects of employee turnover on employee performance in the South African construction industry as there is not enough research done so far. Future research in the area of causes of employee turnover and the strategies to minimize employee turnover in the South African construction industry.

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