

Effects of High Staff Turnover Rate on Organizations

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Abstract



This review comprehensively examines the causes, types, and effects of high employee turnover in organizations and strategies to reduce it. High employee turnover is not just a number; it is a multidimensional indicator that affects many critical factors such as organizational commitment, customer satisfaction, knowledge loss and business image. In the light of theoretical approaches in literature and recent empirical findings, turnover types such as voluntary and involuntary, functional, and dysfunctional, avoidable, and unavoidable are explained and how individual, organizational, and environmental factors shape this phenomenon is detailed. In addition, concrete recommendations for reducing employee turnover are presented through strategies developed with contemporary technology-based methods such as machine learning, neural networks, and counterfactual analysis. In this context, the aim of the study is to contribute to the strategic and data-driven decisions of organizations in human resources management and to support a sustainable workforce structure.

Keywords: Staff Turnover, Employee Engagement, Voluntary Turnover, Organizational İmpact, Human Resources, Reducing Turnover

1. Introduction

Dynamic changes in labor markets and increasing competition conditions have made it necessary to consider human resource management as a strategic function. In this context, turnover rate is a critical indicator for both operational continuity and long-term competitiveness of organizations (Yüksekbilgili & Akduman, 2017). High employee turnover is not only a statistical loss but also has multidimensional consequences such as erosion of knowledge capital, decreased customer satisfaction, deterioration of team dynamics, and weakening of organizational commitment (Hom, Lee, Shaw, & Hausknecht, 2017). Increased staff turnover is related to loss of productivity and increased costs in many sectors. Especially in labor-intensive sectors such as hospitality, retail and healthcare, high turnover rates cause serious disruptions in business processes and have damaging effects on corporate culture (Al-Suraihi, Samikon, Al-Suraihi, & Ibrahim, 2021). In the literature, diverse types, causes and effects of this ratio have been classified in detail, and evaluations have been made based on distinctions such as voluntary-unvoluntary, preventable-unpreventable (Kazak, 2012; Akova, Tanrıverdi & Kahraman, 2012).

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These classifications are used not only at the conceptual level but also as guiding tools in determining human resource strategies.

The factors affecting the turnover rate are considered in individual, organizational and environmental dimensions; they range from demographic characteristics of employees to management style, from wage policies to economic fluctuations (Mamun & Hasan, 2017). The multi-layered nature of these factors reveals that employee turnover cannot be explained only by individual preferences but requires a holistic analysis of organizational systems. Moreover, high turnover rate has intangible effects such as organizational commitment and external image in addition to its cost dimension (Ertör & Ertör Akyazı, 2010; Geylancı, 2004). In this academic review study, the definition of employee turnover rate, its types, influencing factors, its effects on the organization and strategies to reduce this rate are examined in detail. Theoretical approaches, empirical findings, and current technology-based models are brought together to provide a comprehensive analysis. The aim is not only to explain the causes and consequences of employee turnover, but also to offer viable solutions to effectively manage it.

2. Definition of Staff Turnover Rate

Employee turnover rate is a critical human resources indicator calculated as the ratio of the number of employees who leave an organization in a given period to the average number of employees in the same period. This ratio is used to assess workforce stability, especially in sectors with high employee turnover (Yüksekbilgili & Akduman, 2017). It can be categorized as "affectable" (e.g., preventable by salary or job change) and "unaffectable" (e.g., uncontrol-lable circumstances such as military service or health), taking into account the reasons why the employee leaves the organization. It can also be categorized as "undesirable" (when a qualified employee leaves the organization voluntarily) or "desirable" (dismissal due to crisis or restructuring by the organization) (Yüksekbilgili & Akduman, 2017).

Hom et al. (2017) define employee turnover as the voluntary termination of the employment relationship. This definition reveals that historically, turnover has occurred not only for economic reasons, but also for psychosocial reasons such as leadership problems, stress, work-life balance, and lack of organizational belonging. Turnover rate should not only be seen as the loss

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of employees; it also includes indirect effects such as loss of organizational knowledge, decreased customer satisfaction, and internal demoralization (Hom, Lee, Shaw, & Hausknecht, 2017).Al-Suraihi et al. (2021) emphasize the importance of analyzing the underlying causes of turnover, not just the number of employees who leave. Reasons such as job stress, low job satisfaction, inadequate pay and lack of job security increase the tendency of employees to leave their jobs. Therefore, both internal (organizational culture, leadership, career development opportunities) and external (labor market, economic conditions) factors should be considered when assessing turnover (Al-Suraihi et al., 2021).

3. Types of Staff Turnover Rates

Staff turnover is not only a quantitative mobility but also a multidimensional phenomenon that can be categorized into distinct categories in terms of its causes and consequences. In the literature, staff turnover rates are classified under several types and these classifications are critical for workforce planning and human resource strategies. The most common classifications are as follows:

3.1. Voluntary and Involuntary Turnover Voluntary staff turnover

It occurs when the employee voluntarily makes the decision to leave the job. Such departures can be caused by various factors such as job dissatisfaction, career prospects, insufficient wages or personal reasons (Pınar Kazak, 2012, p. 32). **Involuntary staff turnover**, on the other hand, includes departures made by the employer's decision against the will of the employee. It occurs due to reasons such as deficient performance, violations of work discipline or downsizing of the business (Pınar Kazak, 2012, p. 32).

3.2. Functional and Dysfunctional Turnover



Functional staff turnover is the departure of low-performing employees that can have a positive impact on the long-term success of the business. Such departures can increase the overall productivity of the organization. In contrast, **dysfunctional staff turnover** means the loss of qualified and successful staff and is a serious loss for the organization (Akova, Tanrıverdi & Kahraman, 2012, p. 90).

3.3. Avoidable and Unavoidable Turnover

Preventable turnover is turnover based on reasons that can be influenced by the organization. It is related to factors such as insufficient wages, lack of development opportunities or managerial attitudes, and human resource management has the potential to reduce such departures (Pınar Kazak, 2012, pp. 41-42). **Unavoidable turnover** occurs for reasons beyond the control of the organization such as military service, health problems, death.

3.4. Planned and Unplanned Turnover

Planned turnover refers to departures that occur for known and foreseeable reasons, such as contract expiry or retirement. **Unplanned turnover**, on the other hand, includes departures that occur unexpectedly and with sudden decisions. Such departures are more operationally challenging for organizations (Akova, Tanrıverdi & Kahraman, 2012, p. 90).

3.5. Desirable and Undesirable Turnover

In some cases, organizations may choose to part with particularly low-performing employees in line with their own strategies. This is defined as **desirable turnover**. On the other hand, the departure of a qualified employee that the organization wants to retain is considered as **unde-sirable turnover** and often indicates the failure of employee engagement strategies (Akyazı & Ertör, 2010, p. 8).



4. Factors Affecting Turnover Rate

Analyzing the causes of high employee turnover in businesses is important not only for improving human resources processes but also for ensuring organizational efficiency and sustainability. The factors affecting turnover are multifaceted and shaped by the interaction of individual, organizational and environmental components.

4.1. Individual Factors

Demographic characteristics have a direct impact on employee turnover. Research shows that variables such as age, gender, education level and marital status have significant relationships with turnover intention (Kazak, 2012). In particular, it is observed that individuals who are young, have a high level of education and have little work experience have a higher tendency to quit their jobs. In addition, individuals' family responsibilities, such as being a single parent or being the main breadwinner of the household, are also considered as a factor that reduces turnover (Mamun & Hasan, 2017).

4.2. Organizational Factors

Factors such as working environment, managerial practices, wage policies, promotion systems and job security directly affect the desire of employees to stay in the workplace. Inadequate wages, unfair promotion practices and ambiguity of job descriptions reduce employees' organizational commitment and increase turnover intentions (Ertör & Akyazı, 2010). In particular, managerial behaviors, job satisfaction and the level of employee participation in decision-making processes are dynamics that directly affect turnover (Mamun & Hasan, 2017).

4.3. Education Related Factors

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The incompatibility between the education level of the employee and his/her job results in job dissatisfaction and turnover intention. Placing the right person in the right job, that is, matching the field, level, and quality of education with the requirements of the job, is a critical variable that reduces turnover (Kazak, 2012). In addition, providing job orientation training and supporting them with continuous in-service trainings increase employee loyalty and reduces the tendency to leave.

4.4. Environmental and Macro Factors

Fluctuations in the labor market due to globalization, economic conditions, informal employment rates and the existence of alternative job opportunities are among the external factors affecting employee turnover (Kazak, 2012; Mamun & Hasan, 2017). In particular, environmental factors such as employees' perception of job security and the cost of living in the region where they live play a decisive role in employees' decisions to change jobs.

5. Effects of Turnover Rate on Business

High employee turnover is a strategic problem that has profound effects on both the structural and operational processes of organizations. In the literature, the effects of turnover on businesses are generally categorized under four headings: cost increase, loss of labor productivity, decrease in organizational commitment and negative impact on the perception of the external environment.Firstly, high turnover leads to an increase in direct and indirect costs for businesses. Factors such as recruitment of inexperienced staff, orientation processes and training costs create significant financial burdens (Al-Suraihi et al., 2021). The loss of employees, especially in specialized positions, causes irreparable losses in the knowledge and experience capital of the business (Ertör & Ertör Akyazı, 2010).

De Winne et al. (2018), in their study on the relationship between staff turnover and labor productivity, found that low levels of turnover can increase innovation and job flexibility, but that organizational performance decreases as the rate increases. In this context, the study

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proposes a curvilinear relationship: low turnover rates are beneficial, while productivity declines after a certain threshold. Moreover, increased instability due to turnover rate fluctuations (volatility) has a further negative impact on productivity. High turnover also damages the social structure of enterprises. The weakening of the sense of trust among employees, deterioration of team dynamics and damage to corporate culture are common consequences (Kazak, 2012). Especially frequent separations among employees weaken organizational commitment by negatively affecting the morale of the remaining staff (Geylancı, 2004). This situation leads to low motivation and, overall, to a chain of increasing turnover tendencies.

High turnover can also negatively affect the image of the business in its external environment. Organizations that constantly change employees may be perceived as unreliable and unstable by potential employees. This perception not only makes it difficult to attract new talent but may also reduce the loyalty of existing employees (Ertör & Ertör Akyazı, 2010). High turnover rates carry serious risks for the continuity of business operations. Sudden personnel losses can cause disruptions in business processes, decrease customer satisfaction, and disrupt strategic planning. Geylancı (2004) states that this situation creates more devastating effects especially in continuous turnover rates and that businesses should take proactive measures to cope with these conditions. All these findings show that staff turnover rate is not only a numerical indicator, but also plays a decisive role in the holistic performance of businesses.

6. Strategies to Reduce Turnover Rate

Since high staff turnover rate poses a serious threat to the sustainability of businesses, developing strategies to reduce this rate is one of the main objectives of human resource management (Ertör & Ertör Akyazı, 2010). Strategies suggested in the literature to reduce this rate include technological approaches, individualized analysis techniques and organizational policy changes.

Cheng (2020) proposes a system that predicts employees' tendency to resign based on their characteristics and automatically recommends the most cost-effective intervention strategies with the help of multilayer perceptron (MLP) neural networks and an improved SARSA



algorithm. This system determines the path between the current situation of employees and the targeted low turnover rate by optimizing it according to cost-impact analysis and offers customized action plans per employee. This approach is pioneering in terms of generating actions on an individual basis instead of the company's customary practices.

Artelt and Gregoriades (2023), on the other hand, used counterfactual explanations to determine which organizational factors could be changed to prevent turnover according to the characteristics of employees who have quit their jobs in the past. With this approach, policy recommendations that can reduce turnover tendency have been produced not only on an individual basis but also specific to employee groups. For example, strategies such as wage increases, enhancing job satisfaction and improving career opportunities were numerically optimized with counterfactual models.

The machine learning-based modeling approach proposed by Vijayan (2019) analyzes human resources data holistically and predicts the probability of employee turnover with high accuracy. Thanks to this model, employees in the high-risk group can be identified early and customized intervention strategies (e.g., additional training, job rotation, increased managerial support) can be developed. In particular, model interpretations using SHAP values show which factors are more effective in employee retention and provide decision support to management. Ertör and Ertör Akyazı (2010), who propose short and long-term action plans to reduce high employee turnover, suggest increasing managers' awareness of employee engagement, identifying key personnel and implementing individual development plans as strategic tools. In this framework, the importance of non-wage factors (development opportunities, recognition, leadership quality, etc.) is emphasized.

A field study conducted by Yüksekbilgili and Akduman (2017) in textile retailing showed that increased employee satisfaction significantly reduces turnover rates. Emotional commitment factors, which are directly related to perceptions such as "belief in the company mission and vision", "being valued in the work environment" and "having hope for the future", are among the factors that need to be taken into consideration at the strategic level.Strategies developed in the literature to reduce high employee turnover rates are grouped along three main axes: (1) data-based individualized interventions, (2) holistic organizational policy changes, and (3)



social psychological approaches to increase employee satisfaction and emotional engagement. Implementing these strategies together and consistently provides sustainable advantages in terms of both cost-effectiveness and employee engagement.

7. Financial Costs and Performance Losses

The most direct consequence of high staff turnover is **increased costs**. The process of finding and replacing each departing staff member, including advertising, recruitment interviews, selection, orientation, and training, represents a significant waste of **time, effort, and money** (Geylan, 1987). For example, in a study conducted on five-star hotels in Türkiye, it was calculated that the cost of replacing an employee in a single managerial position (e.g., food & beverage manager) can be approximately **USD 30,000** (Aksu, 2016). In addition to these direct costs, separation costs such as severance pay and absenteeism fees of the departing staff also create a financial burden on the business (ODS Consulting, accessed May 17, 2025). Indirectly, factors such as the inability of inexperienced staff to be productive until they become productive and the increase in the workload of existing employees reduce productivity and cost the business (ODS Consulting, accessed May 17, 2025).

Beyond the financial costs, **business performance** is negatively affected by high turnover rates. A large meta-analysis found a significant and **negative** relationship between staff turnover and organizational performance ($\rho \approx -0.15$). This finding suggests that organizations that lose staff frequently exhibit lower performance on indicators such as sales, profitability, and productivity. Indeed, several studies have shown that high turnover is associated with reduced sales revenues, deterioration in customer service, declining profits, and declining return on assets (Park & Shaw, 2013). Another meta-analysis by Hancock et al. (2013) found similarly found a negative correlation between turnover and financial performance but found that the relationship is stronger in sectors such as manufacturing and transportation, and that the impact of turnover becomes more pronounced in performance dimensions such as **service quality** and **job security**. For example, the effect of employee turnover rate on customer service quality was found to be -0.10, while its effect on workplace safety and quality indicators was found to be -0.12



(Hancock, Allen, Bosco, McDaniel, & Pierce, 2013). These results suggest that a high turnover rate makes it difficult for an organization to achieve both its operational and financial goals.

8. Employee Morale, Workload and Organizational Climate

High staff turnover is a factor that negatively affects the morale and motivation of the remaining employees. Continuous and frequent departures may create an atmosphere of anxiety and insecurity among the remaining employees; employees may develop a negative attitude towards their employers by questioning why they leave (Geylan, 1987). Qualitative research indicates that in environments where turnover is persistent, "surviving" employees' loyalty to the company is undermined, their motivation for work decreases, and their concerns about job security increase. Demoralization can lead to a decline in employee productivity and damage the spirit of cooperation (Geylan, 1987). In addition, frequent staff turnover leads to a weakening of institutional memory as experienced employees leave and an increase in workload as the remaining employees must constantly train newcomers (ODS Consulting, accessed May 17, 2025). In addition, high turnover also weakens social relations within the enterprise. Team cohesion and informal communication networks among employees are damaged by constantly changing staff; it becomes difficult to build trust and team spirit among employees (Geylan, 1987). According to the organizational commitment literature, when staff turnover increases, the social capital within the organization is also eroded - employees' trust in each other and in management decreases, and the sense of common purpose is damaged (Park & Shaw, 2013). Informal communication channels and information sharing mechanisms may also be disrupted by the adaptation process of newcomers and frequent turnover (Geylan, 1987). When all these factors are combined, a picture emerges in which the organizational climate is negatively affected, and stress and burnout levels may increase because of high turnover. In the literature, it is stated that an increase in employee turnover can lead to the so-called "survivor syndrome", which is characterized by anxiety and loss of motivation in the remaining employees. In fact, according to a study, employees in workplaces with high turnover experience more stress and insecurity, and their job satisfaction and organizational commitment levels decrease significantly (Nyberg & Trevor, 2009) (Together Platform, 2024).



9. Customer Satisfaction and Service Quality

High staff turnover can cross organizational boundaries and affect customer experience and satisfaction. Especially in sectors where there is direct interaction with customers (retail, tourism, call centers, etc.), the departure of experienced staff and their replacement by inexperienced staff leads to fluctuations in service quality. Research has shown that high staff turnover in customer-facing jobs decreases customer satisfaction (Yılmaz & Halıcı, 2010) (ODS Consulting, accessed May 17, 2025). When the consistency of service quality deteriorates, customers' trust and loyalty to the organization may also be damaged. According to the findings of Hurley and Estelami (2007), high turnover can directly lead to a decrease in customer satisfaction (Yılmaz & Halıcı, 2010). One reason for this is the loss of product/service knowledge and personal relationships with customers. Since it will take time for the inexperienced staff to acquire the same level of expertise and relationship-building skills, customers may experience a lower level of service in the interim. This can indirectly affect the revenues of the business, especially in sectors that require loyalty (e.g., banking, consulting, where customer relationships are important in the long term). As a result, high staff turnover is a factor that negatively affects not only internal operations but also external customer satisfaction and brand loyalty (Yılmaz & Halıcı, 2010) (ODS Consulting, accessed May 17, 2025).

10. Corporate Reputation and Talent Attraction Challenge

The fact that employees are constantly leaving and hiring new employees leaves negative impressions on the corporate image of the organization. Companies with high turnover rates may be perceived in the external environment as "not a good place to work " (Geylan, 1987). As Ramazan Geylani (1987) emphasized in his study, external stakeholders (potential job applicants, industry circles, etc.) are wary of companies that cannot retain their employees and tend not to prefer these companies. This negative perception makes it difficult for businesses to attract and recruit talented employees; qualified candidates may be reluctant to apply to businesses that they perceive as unstable due to high turnover. Consequently, it may be difficult for

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the company to find and retain the talented employees it needs to gain a competitive advantage in the long term. High turnover may also be perceived as a sign of managerial problems or employee dissatisfaction by the firm's customers, investors, and business partners. Such a reputational risk may indirectly affect the market position of the business and limit growth opportunities. Indeed, a company that continually loses employees is less likely to be seen as a reliable employer and partner in the market. As a result, high staff turnover damages the employer brand and negatively affects both the loyalty of existing employees and the interest of potential employees (Geylan, 1987).

11. Operational Disruptions and Missed Opportunities

Businesses with high labor turnover may also experience disruptions in daily operational activities. Unexpected departures in critical positions lead to instability in decision-making processes, while the temporary introduction of less competent personnel to some tasks reduces the efficiency of business processes (Geylan, 1987). Since each departing employee takes with him or her the experience and business wisdom of that person, a loss of productivity is inevitable until the new employee reaches full productivity. Geylan (1987) stated that a high turnover rate "will prevent the effective fulfillment of functional activities". Especially in jobs that require teamwork, the constant change of one of the team members disrupts the harmony of the team and disrupts project continuity.

High staff turnover can also threaten businesses' long-term growth strategies. A company that is constantly understaffed may see its production capacity decline due to insufficient workforce, reducing its ability to respond to market demand in a timely manner and leading to missed potential business opportunities. For example, if key positions remain vacant or are frequently filled by new hires during a period of high demand, the company faces opportunity costs - competitors may fill the gap in the market or revenue may be lost because customer demands cannot be met. As highlighted in Geylani's research, high turnover can prevent a business from dominating the market or successfully executing growth strategies. This situation weakens not only the current efficiency of the business but also its competitive position in the future. To summarize, high staff turnover not only reduces day-to-day operational efficiency in businesses



but also constitutes an obstacle that makes it difficult for the company to achieve its long-term goals (Geylan, 1987).

Limited Possible Benefits of Staff Turnover

Although high staff turnover is often associated with negative consequences, there are also arguments in the literature that a reasonable level of turnover can provide some functional benefits. The "functional turnover" hypothesis proposed by Dalton and Todor (1979), one of the classical approaches, suggests that a reasonable, but not too low, turnover rate may not be entirely bad for the organization (Park & Shaw, 2013). For example, the voluntary departure of employees whose performance is inadequate or who create constant conflict in the work environment may bring relief and increased productivity for the remaining team. In fact, in some cases, the high motivation of the inexperienced staff may have a positive impact on the performance of both them and their teammates (ODS Consulting, accessed May 17, 2025). In a similar vein, Abelson, and Baysinger (1984) also stated that if low-performing employees leave and are replaced by more talented people, the overall productivity of the organization may increase (Park & Shaw, 2013). According to this perspective, natural turnover up to a certain limit can provide a business with the opportunity to regenerate and optimize its workforce structure (ODS Consulting, accessed 17 May 2025). Recent empirical evidence provides mixed results on this "inverted-U curve" relationship. A comprehensive analysis by Park and Shaw (2013) across a range of industries shows that the decline in performance as turnover increases may be mild up to a certain point, but the overall trend is still negative; there is no significant difference in performance between firms with very low turnover and those with moderate turnover, while the loss of performance becomes more pronounced when turnover becomes excessive. In fact, contrary to what might be expected, some studies have found almost no positive correlation between turnover and improved performance (Park & Shaw, 2013). Thus, except for controlled and strategic labor mobility (e.g., eliminating only unsuitable employees), it is difficult to argue that high staff turnover is a net benefit to the business. Nevertheless, by encouraging voluntary departures under certain conditions (e.g., by offering incentive packages), organizations can alleviate staff overload and thus save costs. It is important to make sure that those who leave



are those who cannot perform adequately; otherwise, the loss of qualified and high-performing employees will lead to irreparable losses for the company (Y1lmaz & Hal1c1, 2010).

7. Conclusion and Recommendation

In this review study, the causes, types, and effects of high staff turnover rate in organizations, and strategies to reduce this rate are discussed from a multidimensional perspective. In line with the findings, staff turnover is not only a statistical rate but also a critical indicator that has decisive effects on organizational commitment, knowledge accumulation, customer satisfaction and corporate image. This makes the strategic dimension of human resource management more visible and reveals the necessity of treating turnover not only as a cost factor but also as a variable that affects competitiveness (Hom et al., 2017; Al-Suraihi et al., 2021).

Research shows that high turnover, especially in labor-intensive industries, disrupts operational stability, increases costs, and creates demoralization among employees (De Winne et al., 2018; Geylanci, 2004). Moreover, it has been observed that voluntary turnover is mostly caused by factors such as lack of job satisfaction, inadequate wages, and unmet career expectations, while involuntary turnover is related to the performance management processes of the organization (Kazak, 2012; Akova et al., 2012). In this context, there is a need for holistic approaches that take into account not only individual but also organizational and environmental factors.

Strategies to reduce high employee turnover are concentrated on three main axes: (1) datadriven individual intervention models, (2) organizational system and policy reforms, and (3) social-psychological approaches based on employee satisfaction and emotional attachment. In particular, modern technologies such as machine learning, counterfactual modeling, and neural network-based prediction systems can both develop employee-specific intervention plans (Cheng, 2020; Vijayan, 2019) and generate future policy scenarios based on past behavior (Ar-telt & Gregoriades, 2023).

In this direction, suggestions for businesses can be listed as follows:



- 1. **Organizational Culture and Leadership Improvements:** A working environment where employees are engaged, valued and able to develop should be created; leadership styles should be fair, supportive, and inclusive (Error & Ertör Akyazı, 2010).
- 2. **Data-Driven Human Resources Management:** Employees with high turnover tendencies should be identified early with analytical models and retained with personalized strategies (Vijayan, 2019).
- 3. **Strengthening Training and Development Opportunities:** The level of education should be matched with the job; orientation, mentoring and in-service training should be expanded (Kazak, 2012).
- 4. **Fairness in Wage and Promotion Policies:** Wage imbalances should be eliminated, and transparency should be ensured in promotion processes. This will strengthen the sense of belonging among employees (Mamun & Hasan, 2017).
- 5. **Emotional Commitment Strategies:** Factors such as belief in the organizational mission and vision, social recognition, job security and psychological support will increase emotional commitment and reduce turnover (Yüksekbilgili & Akduman, 2017).

Both micro-level (individual-focused) and macro-level (organizational and environmental) interventions are necessary to effectively manage employee turnover. Being proactive in this regard will not only create a cost advantage, but also a strategic gain in terms of retaining a talented workforce and corporate sustainability.

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