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HUMAN RESOURCE MANAGEMNT AND EMPLOYEE TURNOVER IN KAZAKHSTAN’S COMPANIES

Abstract

The role of human capital in the organizations is essential as it is a mechanism of the organization. If the company manages to hire right people and place them on the right position on the right time, the company can achieve many goals. In order to be successful in the market organizations should have very good management system that can use all their assets, capitals and employees effectively and efficiently, as well. Staff turnover is a situation at which employees leave a company and are replaced by new employees. It is costly and time consuming to hire new employees and teach them again. Staff turnover is divided into voluntary and involuntary. In the first case an employee leaves the company because of his/her wish and this is usually a loss for the organization. To prevent this, the company can provide the employee with various social benefits, etc. High staff turnover can lead to problems with staff, and the cost of staff turnover can also damage the financial position of the company. The article considers the question of whether organizational changes, staff motivation and staff training, combined, affect the turnover of the staff, for which the authors conducted a survey among employees of several companies in Almaty. Since the manufacturing sector has the highest staff turnover, this sector is analyzed and some results are revealed. The study confirmed the hypothesis that companies are able to reduce staff turnover through effective employee training programs.

Key words: staff, staff turnover, motivation, training, staff turnover, social benefits.

The role of human capital in the organizations is essential as they are mechanism of the organization. If the company can achieve to hire right people and place them on the right position on the right time, the company could achieve many goals. In order to be successful in the market organizations should have very good management system that can use all their assets, capitals and employees effectively and efficiently, as well.

In these latter days international companies are struggling with each other to catch up skilled, high qualified, high potential workers. As a result of this employee turnover intention is increased in several companies. Employee turnover intention the intention at which employees leaves a company and replaced by new employees. It is costly and time consuming to hire new employees and teach them again. It divided to as voluntary and involuntary, which first means employee leave the company according to his/her wish and this is somehow losing for the organization. In this case organization can do some activities to keep them in the organization like intention/retention programs, giving some social benefits, etc. On the other hand the organization shouldn't forget the cost of that employee; if the cost of keeping him/her exceeds employee's benefit to the company it would be leave them. The biggest goal of the company is to maximize its profits and gain the consumers' credibility. In the second case the organization kick off them in order to increase effectiveness of organization, or at less it believes like that [1].

However, as we said before, turnover leads to many inevitable costs like advertising for new employees, selection, and training programs. It may affect the quality of service done by the organization as they missed up qualified workers. For example, a hospital may not work if there is no required number of doctors and nurses. Turnover expenditures are generally directly related with the volume of job-specific training a post requires, and if the new employee proves to be less useful than the previous worker, once trained and disciplined, the expenditures of turnover to an organization may be consequential. In addition, it may also take more time than you expected for the new worker

to become totally productive; usually, the amount of time is identified according to the skill level of the job [2].

There are several reasons why employees leave the company. We cannot say that only one factor influence to leaving of the employee from the organization; they may only one or several as well. Salary is one the important factor that affect employee to choose work place. In most situations employees try to leave the company when they receive more salary from other organizations. In like this situations organizations employer tries to keep them at any cost. However there may emerge mistrust between the company and employee.

Organizational Commitment is another factor that influence employee's staying in one company for several years. If the company succeed to gain their worker's commitment to their organization then it is easier to keep them for the following many years.

Job satisfaction is coming next when we talk about employee turnover. If the employee is not satisfied with the work it is hard to keep him/her on your organization. His/her tasks must fulfill expectations of the employees otherwise they do not want to stay there because it is not interesting for them to stay in that organization for upcoming years.

Atmosphere among employees of the organization plays crucial role in selecting work place. Some people do not care about the amount of money which they are given, but they pay attention with whom they are working with. They may want to learn new thing from them, or they wish just work with some communities as he/she like being with them [3].

According to Marsh turnover certainly includes a trade-off between expenditures and benefits. In a lot of situations, turnover estimations are complicated by the fact that costs and benefits can be distributed across different parts of the company. For instance, when an employee drop off her or his job, a company incurs administrative expenditures, but if the drop offer is replaced by a more useful employee, or if the drop offer goes to another job in the same company where he or she is more productive, the company may gain from the quit [4].

Thence, companies has to control turnover adequately to escape its negative aftermaths, particularly not all the expenditures related with this turnover could be quoted easily like the turnover effect on company's culture, social capital and worker's morale. Lucas [5] have mentioned that when a company faces lower turnover intentions, it would affect the organization positively to keep its skilled employees, as a result it would lead to a better performance, better productivity and the company will not suffer from the costs emerged with worker's replacement like the education costs and other directly related or indirectly related expenditures emerged from this employee turnover.

To sum up, employee turnover intention might be influenced by several reasons as job dissatisfaction, work place, lack of job involvement and absence of organizational engagement, leadership style and organizational culture, inside atmosphere of company. On the other hand, a lot of works have stated a significant relationship between turnover intention and job fulfillment, organizational commitment and job involvement.

However most of these studies done in European and American countries and there is very limited studies have done in Central Asia countries, especially in Kazakhstan. I think this is because of not giving deserved importance to this sphere. With the help of these kinds of studies most companies in Europe could decrease 15% to about 8% [6].

Therefore, the purpose of this study is identifying if the Organizational change, Employee Motivation and Staff training have an effect on employee turnover intention in Kazakhstan's companies.

Based on the information above the following research questions were derived:

- ◆ Do other factors effect on employee turnover retention?
- ◆ Does organizational change have impact on employee turnover retention?
- ◆ Does staff training have a relationship with employee turnover intention?
- ◆ Does staff motivation have a relationship with employee turnover?

The concept about how to teach, train, consult employee was suggested by Lucas (2003). This concept of this work is to improve skills of HR managers in the company. As (Ng'ete, 2012) have stated, this approach help in these aspects: like preparing staffs, build suitable organizational structure, put in employees on the right positions, inside of the organization. When we look at today's economic situation, these strategies are crucial for most organization [7]. These factors are key ones to identify organization's economic performance: human capital, environmental and technological

change, explorations, innovation, efficiency and effectiveness, training staffs and competitiveness of the organization. When we look at the today's Human Capital Theory, individuals tend to secure their interests at first in today's economic situation. Whenever their desire is not fulfilled in the organizations there is high possibility of leaving the company at the first chance.

As Maslow's stated in his theory, there are several kinds of needs which up form lower needs to higher needs. First category includes needs like good working conditions and salary, bonuses, benefit package and etc., while second one includes intrinsic needs like acceptance, honor, social status, social contract, power, etc. According to (Lait, 2002) job satisfaction divided to two sections, satisfaction and dissatisfaction, and these two may be two different phenomena [8].

Therefore, the following research hypothesis and theoretical model were derived

H0: The organizational change has a significant impact on employee turnover

H1: The organizational change has no impact on employee turnover

H0: There is relationship between staff training and employee turnover

H1: There is no relationship between staff training and employee turnover

H0: There is relationship between staff training and employee turnover

H1: There is no relationship between staff motivation and employee turnover

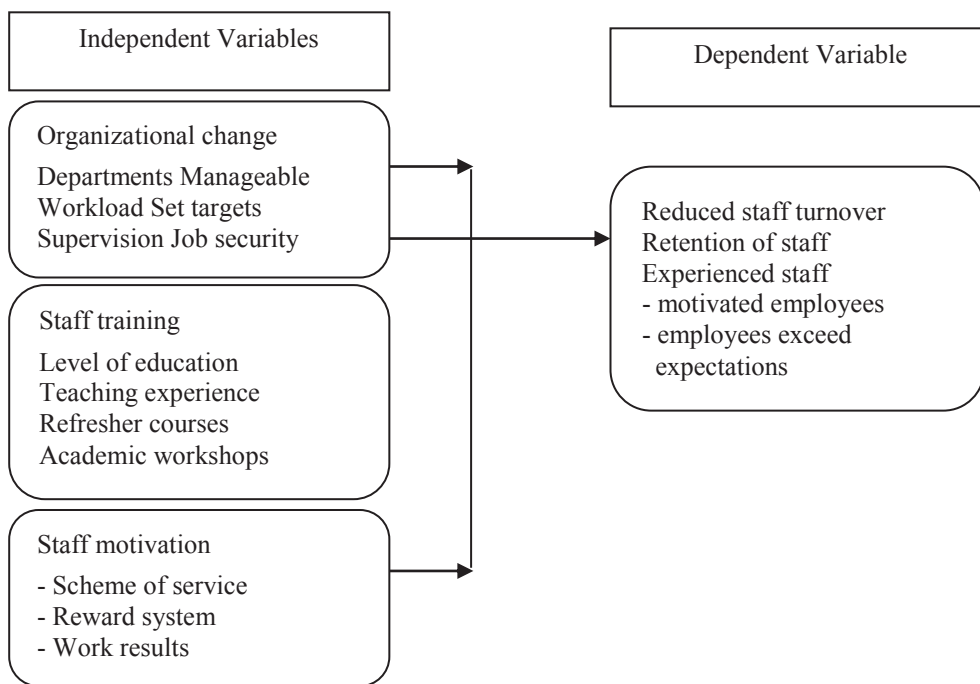


Figure 1 – Theoretical model

Note – Source: provided by author based on literature review.

The purpose of the research study was to identify which factors effect on employee turnover. As the independent variables there were chosen Organizational change, Employee training and Employee motivation. The result of the research follows:

Firstly, correlation analysis relationship between employee turnover and organizational change shows that there is not significant relationship. It means that a new change in working processes has no impact on employee turnover. Regression analysis shows that even increase in an organizational change can lead to small rise in employee turnover. The hypothesis 1 is supported. The reason of that can be, organizational changes in Kazakhstan are not visible as in Western countries. Cause of it could be employees of target audiences are have not faced with huge changes.

With regarding second factor, there was found strong relationship between Employee training and Employee turnover. As the correlation between them gives us result which is below zero, it means that increase in Employee training will lead to decrease in Employee turnover. The reason for that could be if employee well trained with experienced instructor, it has positive effect on employees and

their motivation to retain there. Addition for that, if the training programs good conducted during the induction processes it will be desirable in future well-being of the organization. The companies should take it into the consideration, training is the essential factor for retain current staff and avoid from additional human resource costs. Hypothesis 0 is supported.

Moreover, there was found significant relationship between independent variable. Especially, regarding to correlation analysis all three variables, Organizational change, Employee motivation and Employee training strongly correlated with each other. Together all three factor has strong power to decrease the employee turnover and at the same time save the organization from additional human resource costs and expenses. The Pearson correlation shows positive results, which mean increase in one of the will lead to increase in others.

The limitation for this research work can be considered insufficiency of the variable identification questions. For identification of one variable there were average 7–8 questions. This is not sufficient for variable identification. However, if there will be plenty of questions, the survey would be faced with problem with people response. Usually people loss their interest if they are not able to answer in short period of time. Moreover, there were several people who missed the answer for particular questions. Another barrier was some of the people may rely false for the questions which decrease the accuracy of variable determination; also it can be the reason why organizational change not significantly correlated with employee turnover.

Besides, the numbers of respondents were 77, which considered lower than planned. It could be the reason of inaccuracy of relationship between Organizational Change and Turnover.

The researcher recommendation is to increase the number of the respondents with a purpose of decrease the biases and inaccuracy of the answers. In this study there were used three variables as independent variables which possible effects on employee turnover. There highly recommended to use additional variables as factor that influence on employee turnover. The independent variables were internal to the organizational. For future studies it recommended to analyze also external factors than will have possible effects on that.

The research is focused on analyzing which factors have effect on employee turnover. Employee turnover is defined as the process of replacing the current staff with new one. Employee turnover is tending to have negative consequences for the organizations; however it does not have always negative results. Usually it highly costly for firm to replace the current staff, in order to reduce the turnover organizations tried to find several methods of it. Before several studies have examined it, as a result some factors has huge significant impact on that, another on the contrary not depends on it. In this study there was found that all these three (organizational change, employee training and motivation) have strong impact on employee turnover. The purpose of this study was to examine it in Kazakhstan manufacturing sector. After data collection and analysis there explored similar result with a little difference. The result of this thesis work: In Kazakhstan manufacturing organizations Employee training and Employee motivation plays crucial role in people behavior and desire of working in particular organizations.

The study supported the Hypothesis of that the companies are able to decrease the turnover by conducting effective training programs for employees. Usually in every organization in Kazakhstan like in other countries, employees need for training to be aware of their ability to working there. If training procedures well-defined and accomplished, especially in induction time, it help to decrease the turnover which is desirable for enterprises.

Employee motivation has strong effect on turnover. Usually, in people working ability and desire is depending on internal factors, like motivation, esteem, actualization, etc. Highly motivated employees may work long during of time; also organization could retain them by motivating them. However, there are difficulties to find relationship between Organizational Change and turnover. There is possibility that people not faced with the visible changes which is motivational. This can be the organizational mistake of performing change, as the thesis work found negative result.

The conclusion for this study, there is two variables with significant effect on decrease the employee turnover. These are employee motivation and training. Both helps to organizations to prevent possible turnovers and avoid from additional cost. The effect of the organizational change is needed to be examined analyzed in future studies. The effect of changes faces obstacles; it cannot use against to organizational turnover.

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Аңдатпа

Ұйымдардағы адами капиталдың рөлі маңызды, себебі олар ұйымның механизмі болып табылады. Егер компания қажетті адамдарды қабылдап, керекті уақытта дұрыс лауазымға тағайындаса, компания көптеген мақсаттарға қол жеткізе алады. Нарықта табысқа жету үшін ұйымдардың барлық активтерін, капиталын және қызметкерлерін тиімді және нәтижелі пайдалануға болатын басқару жүйесі болуы керек. Кадрлардың тұрақтамауы – бұл қызметкерлердің компаниядан кетіп, олардың орнына жаңа қызметкерлер ауыстырылатын жағдай. Жаңа қызметкерлерді жалдап, оларды қайтадан үйрету қаражатты және уақытты қажет етеді. Жұмыс күшінің айналымы екі түрге бөлінеді: ерікті және еріксіз. Бірінші жағдайда, қызметкер өз еркімен кетеді және оның салдарынан жұмыс орнына зияны тиеді. Бұған жол бермеу үшін компания қызметкерге түрлі әлеуметтік жеңілдіктер және т.б. ұсына алады. Кадрлардың тұрақтамауының үлкен көрсеткіші кадрлармен байланысты проблемаларға әкелуі мүмкін, ал қызметкерлердің айналымына жіберілген шығын компанияның қаржылық жағдайына нұқсан келтіруі мүмкін. Мақалада авторлар Алматы қ. бірнеше компаниялардың қызметкерлері арасында жүргізген сауалнамасында ұйымдық өзгерістер, персоналды ынталандыру және персоналды оқыту қызметкерлердің айналымына әсер ете ме деген сұрақ қарастырылады. Өңдеуші секторда кадрлардың тұрақтамауының ең жоғары көрсеткіші бар, сондықтан бұл салаға талдау жасалынып, кейбір нәтижелер анықталды. Зерттеу компаниялардың қызметкерлерді тиімді оқыту бағдарламалары арқылы кадрлар айналымын азайтуға қабілетті деген болжамды растады.

Тірек сөздер: персонал, қызметкерлердің айналымы, ынталандыру, оқыту, кадрлардың тұрақтамауы, әлеуметтік жеңілдіктер.

Аннотация

Человеческий капитал в организациях имеет важное значение, поскольку он является механизмом организации. Если компании удастся нанять нужных людей и поставить их на правильную позицию в нужное время, компания сможет достичь многих целей. Чтобы добиться успеха на рынке, организации должны иметь очень хорошую систему управления, которая позволит эффективно и результативно использовать все свои активы, капитал и сотрудников. Текучесть кадров – это ситуация, при которой сотрудники покидают компанию и заменяются новыми сотрудниками. Это обойдется дорого и требует много времени, чтобы нанять новые кадры и научить их снова.оборот рабочей силы делится на два типа: добровольный и непроизвольный. В первом случае сотрудник уходит по своему желанию и от этого организация в какой-то степени проигрывает. Чтобы не допустить этого, компания может предоставить сотруднику различные социальные льготы и т.д. Высокая текучесть кадров может привести к проблемам с персоналом, а расходы на оборот сотрудников также могут нанести ущерб финансовому положению компании. В статье рассмотрен вопрос о том, влияют ли организационные изменения, мотивация персонала и обучение персонала, вместе взятые, на оборот сотрудников, для чего авторами проведен опрос среди работников нескольких компаний в г. Алматы. Поскольку производственный сектор имеет самую высокую текучесть кадров, проанализирован этот сектор и выявлены некоторые результаты. Исследование подтвердило гипотезу о том, что компании способны снижать текучесть кадров за счет проведения эффективных программ обучения сотрудников.

Ключевые слова: персонал, оборот сотрудников, мотивация, обучение, текучесть кадров, социальные льготы.