

Reasons of Employees' Fluctuations from the Perspective of Employers in the Slovak Republic

Miroslava SZARKOVÁ

University of Economics in Bratislava, Bratislava, Slovak Republic
miroslava.szarkova@euba.sk

Abstract. The article deals with the up-to-date questions of workforce fluctuations in SR. It declassifies the results of primary research, which was carried out in small and medium sized companies operating in SR with a majority capital participation of domestic capital. It reveals the changes on the labor market which occurred after the general economic crisis, as well as the influence of the demographical development and generation changes in the behaviour of the workforce. It provides with a view on the problem of the fluctuation from the perspective of the employers. It identifies the reasons of employees for leaving the company and tools for keeping the quality of the workforce in the company, i.e. to reduce the fluctuation. It also outlines the need for a change in the employers' behaviour against their employees and the need to create targeted, company-tailored anti-fluctuation programs with the purpose to set up a high-quality intellectual company capital as its competitive advantage. It reviews the results of the research, which was carried out within the VEGA project no. 1/0309/18.

Keywords: Fluctuation, Employer, Keeping Employees.

1 Introduction

The problem of employees' fluctuation, i.e. the mobility of employees between companies/organizations and within the external labor market, when the employees leave the company/organization from various reasons, started to be examined as a complex problem in the SR after the economic crisis. Even more problems on the labor market were escalated after the economic crisis which were caused by different factors relating mainly to the characteristic of the Slovak economy - being a totally open economy. In the period after the economic crisis several companies began gradually exchanging their old technologies for new ones, started new production processes, new work places emerged, what led to an increased need of a high-quality workforce [1]. At the same time, this resulted in a bigger asymmetry between demand and supply of workforce on the labor market, in favor of the demand for qualified workforce. The demand for qualified workforce reached the limits of the Slovak labor market and provoked a fluctuation of the workforce at the

same time. The employers, who wanted to keep the qualified workforce in their companies needed to change and their gradually changed their behaviour to overcome certain pressure practices from the side of the employees [7]. Furthermore, they needed to search for workforce outside the Slovak labor market, and they even did. The lack of qualified workforce on the Slovak labor market, which was significantly increased by the fluctuation of employees at the end of the 1st decade of the new century, forced and until now still forces employers, beside others, to learn and study the needs of employees, their dis/satisfaction in the company, the reasons for leaving the company and based on this knowledge to create such conditions for keeping them in the company [4]. From this perspective, the reasons of fluctuations in Slovak companies were examined too, such as the possibilities of their reduction or their complex elimination.

2 Results of the Research on Employees' Fluctuations from the Perspective of Employers in the SR

There are two contradictory opinions on the fluctuation of employees in professional literature. One group of authors considers employees' fluctuation as a positive phenomenon, which contributes to the "renewal of the company's sound development" [2], and on the other side there is a group of authors [3], who see fluctuation as negative, "threatening the existence of the company". However, both groups of authors try to answer the question, what is the "proper level" of fluctuation of employees, i.e. such level, which doesn't threaten the company yet and it develops its intellectual capital at the same time. Several authors agree that a sound level employees' fluctuation should be around 10%. In the SR in 2016 the level of employees' fluctuation represented 21.5%, in 2017 it exceeded the 30% threshold and its rise still continues. In this context several questions are raised, which are directly related not only to strategic visions of companies/organizations, their competitiveness but also to their current performance [6]. It turns out, that the problemacy of fluctuation is much wider, complex and fundamental, as it has been assumed in professional literature by now. This perspective was taken into account when defining the goal of the research, which focused on revealing the reasons and sources of fluctuation from both subjective and objective perspective [5].

In the research on studying the reasons of employees' fluctuations from the perspective of employers, 50 small and medium sized companies were addressed, which are active in the SR in various sectors with a various capital participation (including subsidiaries of supranational corporations) and where the level of employees' fluctuation exceeded 20%, i.e. the double of the "sound" level of employees' fluctuation. 32 from the total of addressed small and medium sized companies took active part in the research, what represented 100% of respondents, out of which 37.5% were companies with 51-250 employees and 31.3% were small companies with 10 to 50 employees. The structure of the respondents' sample is demonstrated in the Fig. 1. The sample of the respondents composed of employers'

representatives: owners of the company, managers, personal managers and team leaders, who directly experienced the fluctuation of employees.

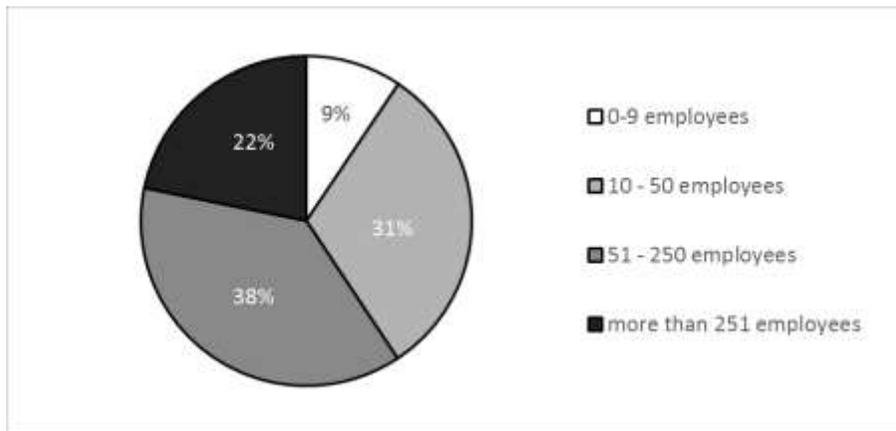


Fig. 1. Sample of examined companies according to the number of employees.

Basic methods of science work were used to examine the mentioned problem: method of analysis, classification, synthesis, comparison, induction, deduction, description and generalization. For testing hypothesis, methods of statistical induction, methods of analysis of qualitative features dependencies – correlation analysis were used. In order to compare employees on the basis of various indicators, which characterize them, methods of multicriterial evaluation were applied. To gain data in the primary research, the method of participating observation, questionnaire method and structural interview method were used. For distribution and information collection the combination of traditional and e-communication tools was used. For processing and evaluation of gained data and information and for statistical modelling, statistical-mathematical methods and SPSS software were used.

The first goal of the research was to find out the reasons of employees' fluctuation in companies from the perspective of employers. Based on the methods applied and evaluation of the gained data, a correlation matrix of employees' fluctuation reasons from the perspective of employers was compiled (Table 1).

Table 1. Correlation of reasons for starting monitoring fluctuation in a company from the perspective of an employer.

	Increased level of leaving employees	Change of the management	Regulation from the mother company	Interest of the management about this problemacy	Interest of personal management dpt. about this problemacy	Need to react on the changes on the labor market
Increased level of leaving employees	-					
Change of the management	0.281	-				
Regulation from the mother company	0.131	0.244	-			
Interest of the management about this problemacy	0.464	0.272	0.347	-		
Interest of personal management dpt. about this problemacy	0.388	0.257	0.429	0.436	-	
Need to react on the changes on the labor market	0.311	0.016	0.34	0.336	0.474	-

Based on the correlation matrix it was found out, that the interest of the company's management and company's personal management department about the problemacy of employees' fluctuation reports a significantly strong relation with an increased level of the employees leaving the company. The outcomes of the research also showed, that the attitude of the mother company to employees' fluctuation in its subsidiary reports medium values, what can be interpreted as a proportional adoption of mother company's regulation in this area. The results of the research also document, that the interest of the personal management

department about studying the reasons of employee's fluctuation in subsidiaries of supranational corporations operating in the SR is proportionally increasing with the interest of the mother company about the problem of fluctuation in its subsidiaries. It is recorded by a moderate significant relation.

On the basis of the results of the secondary research, an inventory of the reasons of the employees' fluctuation was compiled, which was elaborated into a questionnaire form and submitted to the respondents – representatives of the companies. The gained results were highly corresponding with the data from the secondary research. The respondents marked salary and career growth as most frequent reasons for employees leaving companies. On the contrary, most respondents did not mark interpersonal relationships, education and work environment as common reasons of leaving employees. However, the research revealed latent/hidden reasons of employees' fluctuation which were mainly the personality and behaviour of the direct supervisors, his/her managerial skills, competencies and communication. 14,5% of respondents marked behavior and communication of the supervisors on higher levels of management, who are in rare direct contact with employees and are mostly perceived more or less via intermediation, as a reason for leaving the company. These factors were marked mostly by line managers as hidden reasons for frequent leaving of high quality and creative employees. This finding doesn't correspond with the findings, which were gained from the top management respondents and company owners, as well as the findings in the area of work-life balance. The reasons of employees leaving the company from the perspective of employers is demonstrated on the Fig. 2.

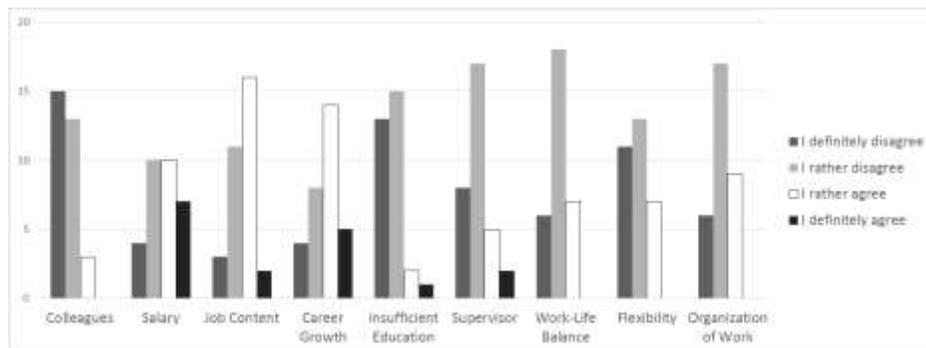


Fig. 2. The most frequent reasons of employees leaving the company from the perspective of the employer.

The next area examined by the research was the area of identifying tools which the company/employer uses to reduce fluctuation of employees. Hence, all addressed subsidiaries reported a huge problem with employees' fluctuation, we have focused on

gaining data about the tools used for keeping high-quality employees in the company, thus reducing employees' fluctuation in general. The outcome was a finding that company managements consider the elaboration of an anti-fluctuation program as the only tool to reduce employees' fluctuation. The research showed that 15,6% of examined companies has a plan to elaborate such a program, and 68,8% doesn't have this kind of program and doesn't even have a plan to prepare such program, since the companies are waiting for the instruction of the mother company. Despite this fact, the addressed respondents stated, that they consider the anti-fluctuation program as a solution of the situation.

Table 2. Correlation matrix of reasons of employees leaving the company from the perspective of the employers.

	Colleagues	Salary	Job Content	Career Growth	Insufficient Education	Supervisor	Work-Life Balance	Flexibility	Organization of Work
Colleagues	-								
Salary	0.36	-							
Job Content	0.33	0.451	-						
Career Growth	0.055	0.328	0.267	-					
Insufficient Education	0.183	0.396	0.247	0.452	-				
Supervisor	0.461	0.109	0.205	0.128	0.51	-			
Work-Life Balance	0.118	0.317	0.122	0.006	0.11	0.322	-		
Flexibility	0.29	0.036	0.015	0.123	0.375	0.14	0.284	-	
Organization of Work	-0.102	0.067	0.195	-0.164	0.049	0.224	-0.08	0.34	-

Based on the results of the secondary research we have assumed, that the adaptation program of the company and the methods of its implementation, in the basic scheme of achieving the biggest junction possible between company's and employees' needs, has a significant influence on the reduction of employees' fluctuation. According to many studies and professional expertise in the area of employees' fluctuation, the junction between the company's and employees' needs is one of the most important tools for employees' fluctuation reduction. This "junction" should be part of the adaptation and later adjustment program elaborated for a specific employee, who the company wants to keep to the future.

The results of the research showed that 62.5% of examined companies has an adaptation program for specific employees with the aim to keep them, or to impede their future leaving from the company. 37.5% of companies doesn't have such adaptation program.

In the next step, the relation between adaptation program and program for anti-fluctuation measures was examined. We were interested, whether there is an influence and if so, in what extent, of a correctly drawn up and implemented adaptation program on the employees' fluctuation. The results are shown in Table 3.

Table 3. Correlation of adaptation program and program for anti-fluctuation measures.

	Elaborated adaptation program	Elaborated program for anti-fluctuation measures
Elaborated adaptation program	-	0.231
Elaborated program for anti-fluctuation measures	0.231	-

The results of the research didn't confirm any mutual dependency between the implementation of the adaptation program and the program for anti-fluctuation measures. Similarly, the mutual dependence between the employees' reasons for leaving the company and an increased discrepancy between the supply and demand of workforce on the labor market in favor of the supply of the workforce, was not confirmed (Table 4). This means, that the situation on the labor market is not the main reason for the employees leaving the company, or it is not the reason for the increased employees' fluctuation. Other results showed, that the demand of the workforce, which is signalized by the employers and perceived by the employees, is not the main reason of employees leaving their companies. The same feature was found out when identifying the reasons of the fluctuation of key employees and their stimulation (Table 5).

Table 4. Correlation between the demand of workforce and employees' reasons for leaving the company.

	Employees' reasons for leaving the company	Lack of workforce
Employees' reasons for leaving the company	-	0.116
Lack of workforce	0.116	-

Table 5. Correlation between the perception of the fluctuation and stimulation of key employees.

	Perception of fluctuation as positive or negative phenomenon	Stimulation of key employees
Perception of fluctuation as positive or negative phenomenon	-	0.005
Stimulation of key employees	0.005	-

On the basis of our research we have found out, that there is a strong significant relationship between monitoring fluctuation and identifying its reasons directly from the leaving employees. The increasing level of monitoring fluctuation proportionally increases the identification of the reasons for leaving the company.

3 Conclusion

The primary need of the subsidiaries' managers on the Slovak labor market is to maintain high-quality employees. This need is specifically defined in economic terms. The costs related to the recruitment of a new employee exceed from 25-200% of the annual salary of the leaving employee. These costs consist of a sum of direct costs related to the termination of employment (termination interview, administration and communication with national and public authorities) and direct costs associated with searching, attracting and recruiting the new employee encompassing the overall selection process starting from the advertisement of the vacant job position, its administration, sorting of received documentation (curriculum vitae and other supportive documents sent by the applicants), verification of documents and references, possible cooperation with recruitment agency, organization and administration related to the invitation of applicants, complex organization of the selection process including the set-up of the selection commission, its rules, procedures and methods of selection, evaluation of the selection process and recruitment of the applicant for the vacant position, which is linked with considerable financial resources. Additional costs, both direct and indirect, arise from the recruitment of the employee, for example costs for the adaptation of the employee, his incorporation and possible training which is needed for carrying out the work on his position. Except for the specifically economically defined direct costs, there are indirect financial costs which arise both when the employee is leaving the company and when the selected applicant is recruited. It is particularly difficult to economically quantify these costs in financial terms, though these are in most cases much higher than the quantifiable ones. Notwithstanding, they should be also taken into account. These costs are for example related to the stress which is present in this process, the risk, the uncertainty whether the new employee will stay in the company, or whether he will fit

to the team, or identifies himself with the strategy of the company, respectively whether there is a sufficient conjunction of his needs with the needs of the company within the necessary time horizon etc.

Based on the results of the research, even though these are mostly of an information character and cannot be generalized, the fluctuation of employees from the perspective of the employer is not perceived as a simple problem. To handle this, it is assumed to dispose with a thorough personal policy based on defined strategic company goals and knowledge together with the acceptance of the in-house reasons and sources of fluctuation in the given company, which might be mostly influenced by changes of short-term and also long-term development trends on the labor market. A thorough analysis of the reasons and sources of fluctuation in the given company may give basis for an intended creation of conditions for their limitation or even elimination. The effort to reduce the fluctuation led some companies to set up anti-fluctuation programs. Some companies (3%) achieved a slight reduction in the level of fluctuation by applying anti-fluctuation programs, however, overall the expected result was not reached. Even though, there were 4 companies which used fluctuation for a complete restoration of the company's intellectual capital. These companies consider fluctuation as a positive phenomenon with a positive impact on the behavior of the rest of the employees, by which the argument of W. Burgess [2] was confirmed – the fluctuation of employees in the case of a thorough personal policy can have positive aspects mainly in “getting rid of” redundant employees, what more, the company can organize and regulate the resignation of redundant employees, i.e. employees, who don't fit the company's needs from the view of its future vision, or alternatively costs for involving such employees into the innovative interests and needs of the company, would be inadequately high in comparison with the low return on such investments. These positives were also listed by the respondent companies, which regulated the fluctuation of the employees from the perspective of the company's needs regarding human resources. The rest of the respondent companies considered fluctuation as a negative phenomenon, which is according to them linked to a high risk of maintaining their competitive position on the market. These companies, in the interest of their further existence acceded to creation of anti-fluctuation programs.

Finally, it can be concluded with the support of the results from the research, that fluctuation of employees is not a one-off phenomenon which appears in the company. In principle, it is a gradual process, which in case is not regulated it contradicts the interests and needs of the company and its strategy. It can have various phases – latent and open. It can have features of mass psychosis, spreading across the company as a cancer, taking over more and more employees (the snowball effect). It can change into a long-term process with an uncertain and, for a company, usually negative result. From this reason, it is more than desirable and necessary to pay due attention to the reasons and sources of fluctuation from the perspective of employers.

Acknowledgements. The article was elaborated within the VEGA project no. 1/0309/18 Social Networks in Human Resources Management.

References

1. Beláňová, B.: The factors determining the choice of the relationship information security model. In: Markovič, P., Tóth, M. (eds.), Proceedings of scientific papers Ekonomika, financie a manažment podniku 2017, pp. 30–41, Ekonóm publishing, Bratislava (2017).
2. Burgess, W.: Research shows exactly how much having a bad employer brand will cost you, <https://business.linkedin.com/talent-solutions/blog/employer-brand/2016/research-shows-exactly-how-much-having-a-bad-employer-brand-will-cost-you>, last accessed 2017/11/22.
3. Chharba N. L., Sharma, S.: Employer branding: strategy for improving employer attractiveness. *International Journal of Organizational Analysis*, 22(1), 48-60 (2014).
4. Eurostat 2016: Eurostat statistical database, <http://ec.europa.eu/eurostat/data/>, last accessed 2017/04/04.
5. Matkovčíková, N.: Health and safety management in companies of all sizes. In: Jedlička, P., Soukal, I., Marešová, P. (eds.), International scientific conference Hradec Economic Days 2017, pp. 597–603, University of Hradec Králové, Hradec Králové (2017).
6. Szarková, M.: Identification of key jobs as the result of the personnel audit in the organization. In: Jedlička, P., Soukal, I., Marešová, P. (eds.), International scientific conference Hradec Economic Days 2015, Part III, pp. 196–201. University of Hradec Králové, Hradec Králové (2015).
7. Szarková, M., Andrejčák, M.: Personnel audit in financial institutions in Slovak Republic. In: Čulík, M. (ed.), Proceedings of the International scientific conference Financial management of Firms and Financial Institutions, Part III, pp. 899–902. VŠB - Technická univerzita Ostrava, Ostrava (2013).