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# 1. Introduction: the state of employee turnover

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Employee turnover can be viewed as an indicator of stability. In the current adverse economic and investment climate, as well as in the increasingly competitive working national and international environment for firms operating in both private and public sectors, employee turnover becomes a timely and relevant topic for academics, policy makers and other stakeholders (Bowles and Cooper, 2012). On the one hand, current economic conditions generate job uncertainty and can contribute to deterioration of working conditions (for example, low pay, promotion and reward prospects and less job training and human capital investment) and employee health (for example, through less health investment, higher stress levels and feelings of organizational injustice) (see, e.g., De Witte, 1999; Cheng and Chan, 2008; Dale-Olsen, 2006; Cottini et al., 2011; O'Halloran, 2012; He et al., 2015). This in turn affects levels of job satisfaction and organizational commitment and therefore, firms' financial performance and employees' productivity (see Levy-Garboua et al., 2007; Bockerman and Ilmakunnas, 2009; Robertson and Cooper, 2010). On the other hand, it also generates opportunities for innovative organizational changes and human resource practices (for example, new ways of communication, recruitment and resourcing practices; flexible working arrangements; encouraging teamwork and leadership spirit; enhancing employee engagement and voice) and stimulates search for alternative employment (or even moving to self-employment) that may generate higher career and earnings returns and job security than current job offers (see Lai et al., 2015; Saridakis and Cooper, 2013; Black and Lynch, 2004; Taylor, 1999).

Retaining talented, educated and skilled personnel can positively affect productivity and performance, and improve efficiency, growth and prosperity. Although notable differences in employee turnover and human capital investment are observed between countries (see Chang and Wang, 1995), it remains an important and relevant policy topic for both developed and developing countries. Specifically, the probability of retaining a job is found to be lower in the latter than in the former, which is partly explained by the lower levels of developing countries' technological infrastructure, less efficient and stable (economic and welfare) policy and

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regulation, and weaker health system support, among other factors (see, e.g., Schaffner, 2000). This in turn fundamentally affects the workforce structure, the nature of labour contracts and labour market performances (Sparrow et al., 2015). However, the recent global financial crisis and the subsequent European debt crisis has led many advanced economies to both involuntary and voluntary (for example, early retirement) job terminations and significant employment and output losses (especially in vulnerable sectors), and forced market change, firm restructuring, and innovative labour market policies. In addition, the increased ageing population and large migration flows driven by economic and political upheavals are likely to affect future demographic trends and put further pressure in labour markets.

The *Research Handbook on Employee Turnover* includes a selection of research and review chapters on various aspects of employee turnover and their effects on workers, firms and the economy as a whole. The *Handbook* is even more important in these times since factors related to employee turnover are increasingly challenged within the current economic, social and political environment. Hence, a number of timely and important research and policy-oriented questions are posed and answered throughout the *Handbook*. The answers to these questions will come to shed more light on a topic that over the years has been the subject of great and continuing interest to labour economists, human resources (HR) specialists, organizational psychologists, firm managers and owners, and policy makers. In this respect, the *Handbook* differs from existing work in this area by gathering a wide range of topics, evidence and approaches in a single volume. However, it is left to the reader to decide whether or not the aim and motivation of the *Handbook* are met with success. Below we discuss how the *Handbook* is organized, offering a brief description of the individual chapters.

Following this editorial introduction, in Chapter 2 by Harald Dale-Olsen the *Handbook* begins to discuss concepts, definitions and measures of employee turnover, the factors associated with it and the role of institutions, and how employee turnover affects employment performance and economic growth. Kevin Morrell in Chapter 3 discusses the economic importance of employee turnover and various models that have been developed over the years from both economics and psychology schools. In Chapter 4, Peter Urwin and Emma Parry examine trends in employee tenure and turnover over the past two decades in Great Britain, and provide interesting evidence and discussion regarding gender differences and the impact of the recent global financial crisis. Stephen Bevan in Chapter 5 discusses the impact of voluntary and involuntary turnover on firms, and highlights key aspects related to data collection, measuring

and costing turnover. In Chapter 6, Anne-Marie Mohammed, Yanqing Lai, Maria Daskalaki and George Saridakis add some useful discussion on the potential effects of employee turnover on firms and employees. In Chapter 7, Tor Eriksson provides a comprehensive review of the theoretical and empirical research on the mobility of employees between and within firms and organizations.

Choi Sang Long, Mikkay Wong Ei Leen and Wan Khairuzzaman Wan Ismail in Chapter 8 empirically examine the relationship among employees' perception of training, perceived supervisor support, perceived co-workers support and perceived benefits of training on employee turnover. In Chapter 9, Stephen Taylor evaluates the potential effectiveness of different commonly used compensation tools and practices – such as salary progression systems, performance-related pay, deferred pay and benefit packages – to deter voluntary turnover and provide key potential ways to improve an organization's employee retention record. Linda Holbeche in Chapter 10 discusses important aspects of Generation Y and its impact on the workplace, and how HR strategies and workplace interventions may slow down the rate of attrition. In Chapter 11, Jui-Tang Kao and Wan-Jing April Chang examine the relationship between turnover intention and intra-, extra- and inter-role behaviors operationalized by work engagement, organizational citizenship behaviors and work–family conflict.

In Chapter 12, Justin Purl, Kathleen Hall and Rodger W. Griffith provide a diagnostic methodology for discovering the reasons for employee turnover using shocks and events, and apply an organizational example to demonstrate its practical implications. In Chapter 13, Carlos Carrillo-Tudela and Melvyn Coles discuss new developments in the job search and matching literature, highlight possible market failures and explain how on-the-job search and employee turnover can affect our understanding of fluctuations in aggregate employment. Priscila Ferreira in Chapter 14 empirically examines the dynamics behind the aggregate fluctuations in the labour market and determinants of mobility within (promotions) and between firms, and whether these have changed during the global financial crisis. Mario Bossler and Richard Upward in Chapter 15 examine the relationship between employee turnover and job turnover, both at the level of the firm and at the aggregate level. The *Handbook* concludes in Chapter 16 with a research chapter by Inmaculada Beltrán Martín that discusses the relationship between a set of high-performance HR practices and voluntary employee turnover across job levels and estimates a mediated model of the relationship between the two.

The *Handbook* covers a variety of theoretical and empirical aspects of employee turnover that are drawn from economics, management, social sciences and other related disciplines; and it discusses the degree

of importance of different driving forces to employee turnover and indicates various practices and policies to lower employee turnover. Our aim has been to create a useful *Handbook* for policy makers, academics, practitioners, HR experts, firm managers and other stakeholders that avoids technicalities without losing its academic rigour, depth and value.

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