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PEOPLE STRATEGY: UNDERSTANDING VOLUNTARY TURNOVER IN ORGANIZATIONS USING AN ILLUSTRATIVE CASE STUDY

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Abstract

Voluntary employee turnover has meaning for an organization. What that meaning is depends on the distinctive and complex milieu, culture, and context of a particular enterprise. This understanding is crucial if those responsible for human capital management are to evaluate employee turnover and make actionable recommendations that are positively aligned with organizational objectives. If organizational understanding about its voluntary employee turnover is unclear, misplaced, or absent, then crucial meaning is lost and valuable insight is wasted. In order to fully explore this theme, this article explores the topic of voluntary employee turnover using a systems thinking framework as a theoretical lens. First, a systems thinking perspective will be highlighted by integrating the theory with the subject of employee turnover. Then, an illustrative case study will be explicated, which examined the voluntary employee turnover within a unit of a global organization with offices in over 90 countries. The systems thinking lens presents interesting implications for those responsible for managing human capital, as this perspective is not often applied to the subject of voluntary employee turnover within an organization.

JEL Classification: J63, J01, J50

INTRODUCTION

Voluntary employee turnover has meaning for an organization. What that meaning is depends on the distinctive and complex milieu, culture, and context of a particular enterprise. This understanding is crucial if those responsible for human capital management are to evaluate employee turnover and make actionable recommendations that are positively aligned with organizational objectives. If organizational understanding about its voluntary employee turnover is unclear, misplaced, or absent, then crucial meaning is lost and valuable insight is wasted. Today, this reality has never been more critical, as organizations endeavor to leverage human capital and make the most of this crucial asset in obtaining sustained competitive advantage (Premalatha, 2011)

Yet, few companies strategically align efforts on retaining key talent and are often faced with turnover that offers little meaning for the strategic guidance of the enterprise. Although the topic of employee turnover has been researched and discussed in both practitioner and academic settings, it remains one of the most important issues for management today. It has particular significance to those responsible for mitigating increased operational expenses, containing productivity losses, controlling recruitment costs, and limiting the damage caused by the loss of key talent, all factors resultant of unexamined voluntary employee turnover (Kazi & Zadeh, 2011; Milbourn, 2012). "In an age when the job market moves toward and away from employers and employees' benefit, the need for analyzing voluntary turnover and retaining talent becomes imperative for most…organizations" (Premalatha, 2011, p.56).

Grounded in this context, the purpose of this article is to explore the topic of voluntary employee turnover using a systems thinking framework as a theoretical lens. To accomplish this aim, this article will first highlight the systems thinking perspective by integrating the theory with the subject of employee turnover. Then, an illustrative case study that was conducted in the spring of 2012 will be explicated, which examined the voluntary employee turnover within a unit of a global commercial and personal insurance company, with offices in over 90 countries. This explorative approach is a useful and appropriate research technique when describing a particular phenomenon, especially when the goal is to help in the interpretation of other data and the synthesis of research from different sources (Dörrenbächer & Gammelgaard, 2011; Mitra, Abubaker, & Sagagi, 2011). Senge's (1990a, 1990b) theory of systems thinking was applied to this topic as an analytical lens in order to provide a perspective that is not often applied to the subject of voluntary employee turnover within an organization.

VOLUNTARY TURNOVER AND THE APPLICATION OF SYSTEMS THINKING

Systems thinking is "a discipline for seeing wholes" (Senge, 1990a, p.117) that allows organizations to understand interrelationships between all aspects of an enterprise, even when a linkage is not apparent. The essence of a systems thinking perspective lies in the notion of conscious recognition of interconnections within an organization, recognizing that key interrelationships influence behaviors and outcomes over time (Senge 1990b; Senge & Fulmer, 1993). This perspective allows individuals to see that everything is connected and problems exist in context and cannot be effectively addressed unless the issue is understood within the existing system. This has significant implications for employee turnover, which is defined as "the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment" (Kazi & Zadeh, 2011, p. 985).

Employee turnover is typically characterized as voluntary or involuntary. Involuntary turnover is considered beyond the control of management or the individual employee, such as when an employee retires, dies, has a long-term illness, must relocate, or is terminated by the employer. On the other hand, voluntary turnover occurs when an employee personally decides to terminate current employment with an organization. This decision may often be mitigated through the actions of an organizations management team (Kazi & Zadeh, 2011). Voluntary turnover can then be delineated into functional or dysfunctional dimensions. "Dysfunctional turnover is often detrimental to an enterprise, since it frequently includes the departure of an organization's high performers or the departure of minority groups. The exit of either of these key groups causes the erosion of crucial organizational knowledge and diversity, which eventually leads to high replacement costs (Wilson, 2012). In contrast, functional turnover does not harm an organization and is part of the natural course of business if it includes the departure of employees that provide inconsequential or no positive benefit to the enterprise.

The most common type of employee turnover is voluntary (Wilson, 2012) and many organizations are satisfied with finding quick and temporary solutions to these occurrences, with many viewing this phenomenon as something to be simply tolerated (Senge, 1990b). This type of thinking leads to inefficiency, as the root of the problem is not identified and the issue is likely to reoccur over time. A systems thinking perspective can create meaning around turnover, seeking to understand the type of voluntary turnover (functional or dysfunction) and mitigating any deficiencies. This provides managers and leaders with understanding to the relationships, interconnections, and causes of dysfunctional turnover within an organization and to understand "the perception of reality from many different points instead of one" (Skarzauskiene, 2010, p. 50).

This has particular significance for professionals whose responsibility lies in the area of effective human capital management and strategic human resources, since systems thinking is associated with higher organizational performance (Senge, 1990a, 1990b). This is due to the ability of a systems thinking perspective to open the door for new meaning regarding the employee turnover, which allows an organization to continuously create new knowledge to sustain its competitive advantage (Paajanen, Kantola, Karwowski, & Vanharanta, 2010). This is rooted in the understanding that knowledge starts at the individual level and is then carried up through the company, through departments, divisions, and finally the whole organization. This is where real value creation exists (Paajanen et al, 2010; Ulrich, 1997).

Yet, the execution of this paradigm in practical terms is often elusive for organizations that wish to further the value created by its human capital. Skarzauskiene (2010) addresses this shortcoming by identifying three important tenets that are important for the realization of systems thinking within an organization. First, there must be an awareness of systems and the conscious perception and philosophy of systems at all levels of the enterprise. Within this context, those focused on human capital management must first understand the concept of systems thinking and fully comprehend the organizational environment, as well as communicate this concept to employees. Secondly, line managers and organizational leaders must adopt an attitude toward the organization as an open socio-cultural system that is capable of self-organization. "Socio-cultural systems are characterized by dynamic complexity that arises from the interactions of agents over time" (Skarzauskiene, 2010, p.51). Because organizations are complex, leaders must view them as ever-changing systems, which ultimately will change the leader's role within the organization. Leaders must not only be open to this change, but must serve as a change agent (Ulrich, 1997).

This results in organizational leaders taking on the new role of 'constructor' of the organization. This is a necessary element if a systems thinking perspective is to be realized within an enterprise. “The best way to understand the system is to construct it, to get a handle on emergent properties, to understand the processes that produce them… and appreciating the parameters affecting the system’s existence” (Skarzauskiene, 2010, p. 51). In other words, managers and organizational leaders will only have control over what they themselves create. If they choose to take only partial responsibility and control over their organization, then they cannot expect to obtain the results they desire.

Grounded in this perspective, voluntary employee turnover has been shown to include four distinctive determinants, including job satisfaction, organizational commitment, job involvement, and individual performance (Premalatha, 2011; Westover, 2012). Job satisfaction is often characterized by intrinsic and extrinsic factors, as follows:

> Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement and growth are related to job satisfaction and attributed to employees when they were satisfied with the job. When employees were dissatisfied, extrinsic factors such as company policy and administration, supervision, interpersonal relations and working conditions were quoted as reasons. (Premalatha 2011, p.57)

However, an employee’s job satisfaction level and decision to terminate association with an employer are highly correlated to the state of the economy. This has particular significance today, where many organizations have downsized and employees have reported being increasingly overwhelmed with work, which ultimately causes further dissatisfaction. However, a consistent increase in turnover over time typically signifies trouble within a company. If management ignores these issues and simply re-hires, the turnover will likely continue over time (Yurtseven & Halici, 2012).

Organizational commitment is another key determinant in an employee’s decision to terminate association with an employer. Commitment is an essential part of life, whether it is in work or personal relationships. However, employee commitment is generally defined in three ways. First, employee commitment can be characterized as one of *compliance*, which is a behavior designed to gain rewards. Secondly, employee commitment may be defined as a desire to remain with the organization due to its appealing values and goals. Finally, employee commitment can take the form of internalization, which is behavior driven by internal goals and values of the employee and their consistency with that of the organization. Using this framework, Premalatha (2011) found:

1. Identification and internalization commitment were negatively related to turnover intention and active turnover.
2. Organizations with strong career and reward systems had employees with higher levels compliance-based commitment
3. There was no relationship between organizational commitment and voluntary turnover among employees who had tenure less than one year. Employees tenured more than one year had an inverse relationship between commitment and turnover. This is an important relationship to remember as an organization must remain supportive and committed to their employees throughout their employment. An effective organization will constantly motivate their employees and enhance their goals and values to strengthen the organizational culture.

Job involvement, another key determinant in an employee’s decision to terminate association with an employer, is closely aligned with organizational commitment. Job involvement is the extent to which an employee identifies psychologically with his or her job; whereas, organizational commitment involves the employee's identification with the values and goals of the organization and desire to remain a part of that enterprise (Premalatha, 2011). The combination of both high organizational commitment and high job involvement in an employee designates that individual as an *institutional star*, defined as an employee who is least likely to leave the organization (Blau & Boal, 1987). On the other hand, *corporate citizens* are employees with low job involvement and high organizational commitment, and are less likely to leave an organization than those with high job involvement and low organizational commitment due to their strong organizational identification (Blau & Boal, 1987; Premalatha, 2011).

The relationship between turnover and employee performance is considered another key determinant of voluntary turnover; however, there is conflicting research concerning this dimension. Some studies indicate that employees with lower performance levels were more likely to leave their job than higher performers. On the other hand, other studies demonstrate that turnover was related to job performance, even for higher performing employees (Nyberg, 2010; Premalatha, 2011; Yurtseven & Halici, 2012). Nonetheless, "though the factors identified such as job satisfaction, organizational commitment, job involvement and performance, are stronger in accounting for voluntary turnover, it depends on individual's intentions to quit, which acts as an intermediate linkage between the variables and actual turnover" (Premalatha, 2011, p. 63). In the end, it is exceedingly difficult to predict an individual's intention to quit, as it is dependent on particular personality traits, an individual's intentions, and alternate employment opportunities.

UNDERSTANDING EMPLOYEE RETENTION WITHIN A SYSTEMS PERSPECTIVE

Sound organizational objectives should include strategies to decrease undesirable employee turnover, which in turn reduces training costs, recruitment expenses, and the loss of talent and organizational knowledge for the enterprise (Ananthan & Rao, 2011). These strategies have become more important than ever, especially since the effects of the global financial crisis in 2008 continue to linger in virtually every corner of the world. The truth is that companies can no longer afford to ignore dysfunctional turnover (Ortlieb & Sieben, 2012). Loss of high performers within an organization "leads not only to costs due to lost productivity, recruiting and training, but also to losses of institutional knowledge and leadership, both current and potential" (Nyberg, 2010, p.440). The retention of key performers should be part of an integrative and comprehensive system that is strategically aligned with the overall organization's mission and objectives.

Yet, how does an organization identify *high performing* employees and initiate a focused plan to retain these key individuals? The first step is to identify what *potential* means to the company and align that meaning with the corporate strategy. This meaning is going to be unique to each organization and will ultimately drive sustainability and competitive advantage for the firm. To accomplish this end, the management team and human resources must carefully review its objectives, define its goals, and set clear expectation. Within a systems perspective, this also includes deriving meaning from an individual's future performance, as well as the interactions of that individual with other employees, departments, units, and beyond. Only then can a company truly evaluate what *potential* means to that organization. "Best practice organizations start with a strategic focus but periodically re-examine their strategic priorities and refresh their pool of candidates" (Fernández-Aráoz, Groysberg, & Nohria, 2011, p. 80).

Once meaning is defined, an organization can begin the identification of the organization's top performers, which can be accomplished by a variety of methods. For example, one approach is to gather recommendations from management, which requires highly specific and targeted training that provides managers with the understanding and skills to accurately cultivate and select their high performers. Another method is to utilize the annual performance appraisal process to target key performers within an organization. However, the preferred manner is that appraisals are supplemented by a subjective view of the candidates in the form of supervisor recommendations and other measurable, highly-specific tools that are specific to the individual job, department, and organization (Fernández-Aráoz et al., 2011; Ortlieb, & Sieben, 2012).

During this process, HR and line managers need to work together when selecting top performers and the measurement strategies to help identify them (Cosack, Guthridge, & Lawson, 2010). Similarly, employees that don't fit the *top performer* category should not be overlooked nor undervalued during this process. In fact, management is encouraged to look in "less obvious places for more average performers whose skills or social networks may be critical" (p. 136). Once key employees have been properly identified, the next step is to identify valid assessments of measuring potential and future performance. The use of personality tests is not recommended for this measurement due to inadequate predictor accuracy and the instrument's general low validity. Instead, the use of multiple, diverse, and highly detailed references from others are suggested, as well as in-depth, behavioral interviews (Fernández-Aráoz et al., 2011).

Regardless of the strategy utilized to identify, retain, and develop key employees and high performers, organizations must be diligent to ensure that these methods are effective. This takes on particular significance given that 40% of internal job moves made by those identified as high-potentials end in failure and 12% of high potentials are actively searching for new jobs outside their organization (Martin & Schmidt, 2010). However, a study of over 20,000 high-potential employees over a six year period provides some insight into the most common errors companies make with regard to retention strategies of high performers, as well as suggestions on how to correct any deficiency. For example, Martin and Schmidt (2010) point out that when a company assumes that all selected high potentials are also highly engaged, then it has fallen victim to the first mistake. This research on high-potential employees has found:

> One in four will leave the employer in one year, one in three admits to not putting all his effort into his job, one in five believes their personal aspirations are quite different from what the organization has planned and four out of ten have little confidence in their co-workers and even less confidence in the senior team. (p. 56).

These may be very surprising statistic to many organizations, as there is often a certain expectation of dedication and loyalty from top performers. After all, an organization and its management often spend precious time and resources to develop these individuals into shining stars. However, to prevent this lack of full-commitment from top performers is to drive their engagement by offering them: (1) autonomy and self-direction, (2) opportunity to develop self-mastery, (3) diverse professional development and leadership opportunities, and (4) opportunities to take on new roles within the organization (Martin & Schmidt, 2010; Rice, 2011).

Similarly, it is often problematic for organizations to follow the commonplace routine of delegating the development of top talent to mid-level managers. For example, organizations often give line managers full control of ensuring employee development because it is assumed that these managers are the most familiar with the strengths and weaknesses of top talent. However, Martin and Schmidt (2010) caution against this approach because managers of business units tend to select top talent candidates solely on recent performance and often provide very narrow development opportunities that are limited by the business units' current scope and needs. This prevents high potential employees from being fully developed and tested in a wide variety of business situations, especially those that pose significant challenges and risk.

Together with offering robust and diverse developmental opportunities, the retention of high performers is often maximized through a variety of financial incentives and non-monetary inducements. The value and dimensions of these incentives should be unique to the particular organization, thus a one-size-fits-all scheme is to be avoided. Within a systems thinking framework, these inducements can be understood as a key determinant that influence behaviors and outcomes over time. Although there may be disapproval by some to reward certain employees better than others, these incentives should be aligned with the individual's contributions and tied to the overall business strategy. This is accomplished by understanding how the high performing employee is rewarded in terms of individual contribution, as well as how that employee's performance affects other individuals, departments, and cross-functional operations of the enterprise. Finally, the success of this strategy is dependent on the ability of senior management to effectively communicate this scheme and fully share it with high potentials (Martin & Schmidt, 2010; Rice, 2011; Senge & Fulmer, 1993; Stone, 2010).

INTERNAL AND EXTERNAL ORGANIZATIONAL CONDITIONS

Employees will likely consider both internal and external conditions when contemplating the decision to voluntarily leave a company's employment. Within a thinking systems perspective, these internal and external conditions are viewed in a holistic and integrative mode, especially in the manner in which these conditions impact the intrapersonal, interpersonal, and intergroup interactions of the organization and the respective employee (Laszlo & Krippner, 1998). These internal and external conditions are often referred to as *desirability of movement*, as they pertain to the factors that affect an employee's interest in leaving and organization and the ease of movement or alternate opportunities. These two dimensions create a complex web of interacting factors that work together with other relationships and interconnections that affect voluntary employee turnover (Laszlo & Krippner, 1998; Nyberg, 2010).

Within this context, high performers who are awarded for their accomplishments and understand the connection between their work and their rewards will likely aspire to stay with an organization that values their efforts and achievements. Conversely, top performers who are desirable to external companies and do not receive this recognition will be more likely to voluntarily leave. This notion is aligned with the theory that higher performers will often have greater access to external opportunities (Nyberg, 2010).

Similarly, Nyberg (2010) found other key factors that affect a top performing employee's decision to leave an organization, as follows:

- The higher the pay growth, the lower the desire to voluntarily leave, thus validating the use of recognition and rewards for high potentials.
- High performers require greater rewards then lower performers to feel the same satisfaction, which further expands the importance of contingent rewards.
- Promotions often increase the profile of top performing employees to external organizations; however, promotions may decrease the appeal of movement by increasing organizational attachment.
- Voluntary turnover of high performers often increases during periods of relevant high unemployment, since companies often decrease pay growth during these periods.

These factors illustrate that strategies to decrease voluntary turnover of higher performers must be tailored with a focus on the enterprise as a system, as well as the particular factors affecting the high performing employee. Analyzing performance levels in relation to the dimensions of the internal and external environment allows one to view the situation holistically and in an integrative manner. This process brings the possibility of new meaning of the rates of voluntary turnover among high performing employees, especially as it relates to pay growth and job progression of top talent. As a result, managers must remain mindful of the many complex and interrelated determinants of turnover (Laszlo & Krippner, 1998; Senge, 1990a)

AN ILLUSTRATIVE CASE STUDY

In June of 2011, an illustrative case study was conducted in order to explore the topic of voluntary employee turnover utilizing systems thinking as theoretical framework. The study site was a U.S. based business unit of an international organization, where a particular division was experiencing up to a 30% loss of its work force due to voluntary employee turnover. Information collection involved unstructured interviews with current divisional employees and managers, as well as four former employees who had quit. Data on performance ratings of former employees, recruitment costs, exit interview expenses, training costs, associated administration expenditures, and overtime expenses were also obtained from divisional management. The division defined a high performing employee as one who receives a performance rating of “1” or “2” out of a scale of 1 – 5, where “1” designated top performance and “5” indicated inadequate job performance. When actual expenses were not tracked by the organization, estimates were made by divisional management.

Using a systems perspective, it was determined that this divisional turnover likely contributed to additional employee turnover company-wide, causing the organization to experience an unprecedented overall turnover rate of 46% by year-end 2011. At the time of this study, the divisional management team was ill-prepared to keep-up with the turnover and was challenged to recruit and hire adequate replacements. As a result, remaining divisional employees within the study site reported low morale and described feelings of unease, especially as they anticipated the next turnover announcement from their fellow colleague.

As a result, remaining employees within the division reported feelings of frustration and strain as workload demands increased due to the loss of their skilled colleagues. The divisional management team was aware and understanding of these sentiments, as well as concerned that additional turnover would exacerbate these feelings. Descriptive data analysis revealed that 83% of those who quit were considered high performers, as measured by their annual performance evaluations. Although the management team took steps to replace theses employees, 30% of new hires quit within the first three months (three out of 10 workers).

Former employees, who all were identified as higher-performers within the division under study, were asked: (1) what caused them to begin looking for new employment, (2) what confirmed their final decision to leave, and (3) what feedback they provided to the company during their exit interviews. Study results revealed that low job satisfaction was the main reason for seeking their new employment. All former employees attributed their decreased level of job satisfaction primarily to lack of job recognition. Because of their high performance ratings, they were given responsibilities for highly complex work; however, they felt they were not appreciated nor properly rewarded for the level of their efforts and commitment. For example, they reported being evaluated by the same standards as their lower performing counterparts, even though they consistently handled work that involved financial risk for the division and required excellent customer service.

Interviews with former employees also revealed that lack of leadership, as well as professional opportunities, were key factors in their decision to quit. For example, these high performers reported that the organization did not demonstrate the capacity or the commitment to provide opportunities for advancement, which stymied their ability to "grow within the company." Combined with the lack of recognition, this factor was a significant catalyst for their decision to leave. Similarly, former employees reported that their direct managers often had very poor communication skills, limited leadership acumen, and exhibited low levels of engagement. As a result, there was limited confidence in senior management and overall low morale of the division.

The organization conducted exit interviews with former employees through a telephone conference with a human resource representative, typically lasting approximately 15 minutes. Former employees were also asked to complete a questionnaire, which consisted of closed-ended questions with no room for feedback. Case study investigation regarding these exit interviews revealed that former employees perceived exit interviews as superficial and perfunctory, as the human resource representative managing the exit interview did not ask questions about their personal experiences, nor asked for recommendations. Overall, former employees believed that the information shared during their exit interview would not be used for organizational change and that made them "feel better about their decision to leave."

Case study interviews with current employees revealed similar sentiments and perceptions as those of former employees. Like those who quit, current employees were also considered high performers by the organization. These individuals have been employed at the study site for a minimum of three years and were asked their perceptions and opinions concerning the incidence of voluntary employee turnover within their unit. In the same way, these employees expressed low levels of job satisfaction, primarily due to the intense work demands as a result of the exodus of skilled colleagues from their unit as a result of voluntary turnover. Current employees believed that the organization has put its best efforts into replacement, recruitment, and re-staffing activities, such as weekly updates on recruitment initiatives. However, there has been a dearth of activities designed to retain existing employees and stave off continued unwanted turnover. However, none of the current employees reported plans to look for employment elsewhere.

A positive outcome from these circumstances is the development of new professional opportunities within the business unit for remaining high performing employees. These individuals were given the opportunity to participate in a two year job rotation with counterparts in another unit in order to expand experience and expertise levels. There was also the creation of another management position within the unit, which was opened to both internal and external candidates. The interviews to staff that position were currently in process during the time of this study.

When measuring the true cost of volunteer employee turnover, all associated expenses must be considered, including costs involved in recruiting, interviewing, administrative associated with hiring, training, as well as overtime paid to employees who have to do the work of those who quit. As Kazi and Zadeh (2011) stated, "the result of an increasing job turnover rate increases the cost of the organization, which most of the time becomes a reason for their income statement bottom line number to experience a declining trend" (p. 985). Within a systems perspective, it extends beyond the individual department experiencing the turnover, and affects the ability of an organization to fulfill its organizational objectives overall. "Cost of turnover is usually categorized into four primary categories: (1) separation processing costs, (2) replacement hiring costs, (3) training new hire costs and (4) lost productivity or business costs" (Cost of Turnover, 2005). However, indirect costs are more difficult to measure, such as expenses associated with loss of productivity, loss of organizational expertise, and customer dissatisfaction. Although literature indicates that direct replacement costs can often reach as high as 50%-60% of an employee's annual salary, overall replacement costs associated with turnover can often range from 90% to 200% of an employee's annual salary (Wilson, 2012).

Human resource professionals play a crucial role in understanding the impact of this kind of turnover. By carefully analyzing turnover data, HR professionals are able to "view the aggregate cost of turnover for the entire organization and, when possible, learn its root causes and suggest possible solutions" (Cost of Turnover, 2005). However, it is crucial that HR effectively communicates this information to senior management. Providing real financial figures help senior management understand the urgency of the circumstance, as well as facilitate the need for a concerted strategy to address the turnover.

IMPLICATIONS FOR HUMAN CAPITAL MANAGEMENT

This exploration illustrates the need for purposive retention and recruitment strategies that takes into account the implications on the entire system, particularly as it relates to an organization's most critical employees. In the case of the departure of high performing individuals, it is not sufficient to simply replace employees and hope for the best. Instead, management must take the time to conduct a thorough, enterprise-wide situational analysis to determine what circumstances led to the voluntary turnover, as well as inter-and intra-departmental impact. This process should always begin with the respective department's re-alignment with the overall organizational strategy, starting with a clear definition of all business goals.

Skarzauskiene (2010) clarifies this process by describing managers as *constructors* within their particular unit, with the success of the department dependent on their leadership. Once organizational goals are outlined, all levels of management must find ways to effectively communicate their strategy and create actionable steps for employees that are both efficient and effective. While the exact process will vary depending on the employee profile and culture of the particular organization, clearly communicating the course of action and expectations to employees helps facilitate the prescribed plan. Together with a comprehensive socialization strategy, these steps are essential when helping the employee internalize and understand the organizations' values and culture (Wilson, 2012).

Within a systems thinking perspective, it is beneficial for the organization and respective functional areas to remain flexible and innovative. This allows all employees to take the time for reflection and thoughtful dialogue about the challenges that face them, particularly those in leadership positions (Skarzauskiene, 2010). In the case of dysfunctional voluntary turnover, this may involve providing technical training to line managers to address the crucial issues occurring in their departments. Training can take the form of one-on-one mentoring, targeted leadership development classes, tutorials on effective communication, and professional development in the area of retention of high performers.

This aligns with the recommendations of Hrebiniak (2005), who explains that leaders often lack these very basic skills. "The problem is that managers know more about strategy formulation than implementation. They are trained to plan and not execute" (p. 5). This becomes most apparent when an organization faces challenges or critical changes, as most senior managers turn to strategy formulation yet fail to fully execute their plans. This often occurs because senior managers believe that strategy execution is to be handled by lower-level management (Hrebiniak, 2005). This often leads to a fundamental lack of confidence in organizational leaders by front line and lower level employees.

In contrast, high performing organizations with strong retention schemes had a different leadership approach, which involved defining clear behaviors that employees must exhibit in order to achieve departmental and organizational strategic objectives. The formulation and communication of these behavioral guidelines were not delegated to other levels of management. Furthermore, the guidelines were directly aligned with the capabilities and talents of respective employees, with managers offering consistent direction that helps promote the desired behaviors and performance (Jamrog, Vickers, Overholt, & Morrison, 2008; McGuire & Rhodes, 2011).

Once strategic priorities are clearly defined and performance behaviors are properly measured, an employee turnover analysis should be initiated. An effective analysis asks three key questions: 1) What is the turnover rate? 2) Who is leaving? 3) What are the costs of current turnover? (Wilson, 2012). However, these questions are only the first piece of the puzzle. Using a systems thinking perspective, there should also be a targeted turnover analysis that addresses current employee feedback, as well as exit interviews with former employees. Current employee feedback should include individuals inside and outside the affected unit, as well as feedback from external organizational stakeholders. Often, feedback results in restructuring to ensure that the underlying arrangement of a department or enterprise is appropriate and can effect change within the system. Sometimes, this restructuring can have transformative effects, both within the affected unit and throughout the entire organization (Senge, 1990a).

CONCLUSION

A well-developed strategy and its execution are critical to organizational success. Therefore, it is important that those responsible for human resource management (as well as those responsible for an organization's human capital) adopt the role of *strategic partner*. Ulrich (1997) describes as "the primary action of a strategic human resource manager is to translate business strategies into HR strategies" (p. 27). Organizations dependent on the quality of internal and external customer service must be diligent to attract and retain high perfuming employees. Depending on the size of the enterprise, HR and human capital managers must implement a retention plan that is specific to each unit's strategic goals. They must meticulously monitor who is exiting the organization, especially high performing individuals. They must closely measure how many employees are leaving and the trends associated with these departures. Finally, the unit-specific and organizational-wide costs associated with this voluntary turnover must be assiduously measured and evaluated. This includes both financial and non-fiscal costs and impacts.

The implications for economic policy also becomes a crucial issue when the real cost of voluntary employee turnover is considered. These real costs extend beyond the organizational context and are broader than the direct and indirect impact to an organization's bottom line. For example, decreased productivity, reduced employee commitment, negative customer sentiment, and increased human capital costs (recruiting, interviewing, and training costs) have direct economic consequences that extend beyond a company's balance sheet. Most importantly, involuntary turnover frequently provides insight into overall consumer confidence, since employee behavior of this kind tends to increase during times of economic optimism. This kind of insight can be a useful policy guide for both organizations and government policy-makers.

Similarly, economies that follow a strategy of knowledge-sharing to drive innovation must closely monitor involuntary employee turnover and its cyclicality. Voluntary turnover erodes the ability to share tangible and intangible organizational knowledge. This diminished ability can extend beyond the confines of an organization and hamper the capacity of an entire sector. For example, a robust 21st century economy is fueled by continually evolving technology and innovation. This demands open channels of communication, where organizations create a vibrant community of repeated and frequent information sharing. The internal organizational challenges faced by involuntary turnover, especially in the area of knowledge-sharing, often impedes the external communication and community building among organizations necessary to generate active and meaningful innovation and growth.

These global issues make it vital for HR professionals to take a leadership position in the development of an efficient and effective exit interview process that properly collects all feedback and translates the information into meaningful and measurable changes. Since retention of high performers is especially important, HR must champion targeted pay-for-performance and talent management programs within appropriate departments. Research has shown that high performers react favorably to pay growth and opportunities for personal and financial advancement (Cosack, Guthridge, & Lawson, 2010). However, it is also crucial that HR develops deliverables with each implementation as measurable results will ensure their role as a strategic partner.

These types of initiatives, together with the challenge of unwelcome employee turnover, almost always bring organizational change. As change agents, HR professionals must identify and analyze problems, create solutions, and fulfill actions plans (Ulrich, 1997). Management training and other professional development programs help address these issues so that specific plans can be aligned to the goals of the organization. On a systems level, HR must strive to develop a culture that allows employees of all levels to thrive, since "organizational culture holds your organization's aspirations and the spirit of the place" (McGuire and Rhodes, 2011, p. 36). As a systems lens illustrates, these elements affect the functioning and utility of the entire organization.

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