

# Staff Turnover as a Possible Threat to Knowledge Loss

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## Abstract

The article focuses on labour turnover as a potential threat to knowledge loss. Labour turnover results in an organizations inability to ensure knowledge continuity. In this study, induction was used to identify factors within organizations that determine employees' exit from organizations. The verifiability of these factors was tested by means of correlation and regression. Subsequently, the presented causes of employee turnover were specified as potential threat to knowledge loss. In the current knowledge economy, employees in an organization are considered the key competitive advantage and the most important asset. If an employee leaves an organization, they take the knowledge they have acquired with them. The loss of knowledge is a potential threat to an organizations existence, especially if an employee with valuable knowledge leaves to join a competitor. Therefore, this paper deals with knowledge continuity as a probable means of eliminating this threat. Dependencies between selected qualitative variables were tested to determine their impact on organizations. The study concludes by indicating that, today's knowledge-based organizations must be aware of the main causes and consequences of employee fluctuation so as to maintain their competitiveness in times of economic crisis.

*Key words: Turnover, employees, knowledge, knowledge continuity, competitive advantage*

## 1. INTRODUCTION

Employee turnover is considered to be one of the persisting problems in organizations (Armstrong, 2009; Reiß, 2008). In particular if it involves quality employees who have worked for the organization for many years, high performers and experienced and loyal individuals (Branham, 2005, Katcher, Snyder, 2007; Somaya, Williamson, 2008). The turnover means that another organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge thus is a threat for the former organization, which increases the significance of knowledge continuity.

The available sources state two main ways of knowledge leaving organizations. Beazley (2003) and Stam (2009) state that the main danger for the coming 25 years is in particular the aging population and the retirement of strong age groups; this is supported by statistical data from U.S. organizations. The second way of knowledge loss is turnover of labour (Beazley, 2003; Eucker, 2007). The aging population according to Stam (2009) represents two major risks for organizations, which are the underemployment of older employees and the loss of knowledge. According to the U.S. Bureau of Labor Statistics (Harvard Management Communication Letter, 2003), the issue of knowledge transfer is primarily a challenge for existing American companies. With downsizing, the growing mobility of labour and broader use of random workers, a high percentage of turnover is a reality for the majority of companies. Company managements have to consider how to cope with the potential leaving of their employees for competitors or



their retirement. It is one of the essential factors influencing knowledge continuity and it is necessary to eliminate its consequences by means of knowledge management and knowledge continuity management.

The objective of the article is to identify factors determining turnover in organizations and to specify their significance. By supporting the tested factors it is possible to eliminate employee turnover and thus reduce the loss of knowledge when employees leave.

A partial objective is to test dependencies between selected qualitative variables in relation to knowledge continuity ensuring, which eliminates the threat of knowledge loss, in the process of employee turnover and to confirm their validity or reject them at the selected significance level.

## **2. THEORETICAL BACKGROUND OF THE WORK**

Turnover or inter-company mobility is a transfer of employees between the organization and its surroundings, i.e. other organizations or institutions. It can have both desirable and undesirable effects (Reiß, 2008). The undesirable effects may include, for example, the failure to use expertise and experience gained by a leaving employee, development of unwanted features and approaches in other employees in the organization, disruption of the attitude to work and work morale, higher demands placed on other employees during the period of substitution, possible loss of other customers, increase of costs to recruit a replacement, his/her selection, training and adaptation (Armstrong, 2009; CIPD, 2005; Branham, 2007, Katcher, Snyder, 2007). On the contrary, desirable effects are that new recruits bring new inputs and ideas, there is no stagnation, a more suitable employee (with broader knowledge and experience) can be hired, an improved and less costly process of personnel planning, development management and succession management (Armstrong, 2009; Reiß, 2008; Somaya, Williamson, 2008; Stýblo, 1993). Employee turnover may also bring organizations certain benefits. For example, if a less productive employee is replaced by someone more efficient or if a retiring employee is replaced by “young blood”. A certain level of turnover may reduce the organization’s personnel cost (Milkovich, Boudreau, 1993).

For employers it is very important to monitor the volume of employees who leave the organization and how this factor influences the organization. That, of course, is dependent on the size of the organization, its location and special teams of employees, etc. that can help to formulate a general strategy of sources (Hutchinson, Purcell, 2003; Stýblo, 1993).

According to Stam (2009), organizations (irrespective of sector of economy, size of organization etc.) are facing a crisis of knowledge management which is to ensure that employees will not leave the organization before transferring their experience. This means that organizations are facing a “knowledge preservation crisis” as organizations’ knowledge is threatened. In this respect knowledge continuity management becomes a key means of reducing the risk of loss of critical knowledge.

Identically, also Beazley (2003) assesses the loss of knowledge as a serious threat. A method of confronting this threat is to introduce a structured programme for the transfer of critical knowledge. It is evident that not all knowledge may be collected and transferred, but that is not the goal. The goal is to transfer solely the critical knowledge related to the work position

that would, in case it is lost, endanger the operation of the organization. Some continuity is definitely better than none.

The application of knowledge continuity management plays an important role not only in the process of knowledge transfer, but also for ensuring Business Continuity Management (BCM). BCM is an efficient method of protection against internal and external threats and simultaneously preserves an organization's competitive advantage and value system of integrity (Smith, Sherwood, 1995; Herbane et al., 1997). Ensuring knowledge continuity will help organizations develop a competitive advantage (Argote, Ingram, 2002). Knowledge continuity creates a powerful advantage for organizations (Strack, 2008 in Stam, 2009), their management and employees, which is demonstrated by Beazley (2003) in the following basic characteristics:

- It speeds up the initial training of new employees by directing them quickly to learning paths thus helping them to become more productive in a shorter period of time.
- It maintains organizational memory; knowledge remains with the organization and turns into an organizational asset.
- It reduces turnover and its financial consequences.
- It decreases an organization's vulnerability associated with hiring of random workers (temporary workers).
- It integrates knowledge and increases process productivity, etc. (Beazley, 2003).

Therefore the ensuring of knowledge continuity and the application of knowledge continuity management represent a basic prerequisite for maintaining business continuity and organizational performance. It is possible to say that knowledge continuity management is the basis for BCM and together with BCM contributes to a better competitive advantage, efficiency, more accurate threat identification and better decision making with lower risks. Should an organization fail to apply knowledge continuity management, it may be threatened by the loss of the holders of the necessary knowledge for the organization and this can bring the organization into a crisis situation.

### 3. MATERIAL AND METHODS

The first part of the article deals with theoretical approaches to the issues of turnover and knowledge continuity ensuring in organizations while the second part analyses the findings of surveys carried out in the Czech Republic. The article has been processed based on the analysis of secondary sources, outcome synthesis and the evaluation of results of a questionnaire survey. With respect to the fact that the data collected was obtained on a selective basis, it was necessary to determine whether they were dependent attributes and whether the findings could be generalised and applied to the basic group.

Based on literature review determinants of reasons of employee turnover were deducted and main factors constructed. In two successive surveys 29 determinants<sup>1</sup> were used to describe 7 main factors causing employee turnover. Those factors are remuneration, certainty, relationships, recognition, communication, culture and expectations. The factors were confirmed by the method of induction based on the results of the surveys. For reasons of provable clear understanding, the factors were structured as general, analogically to the survey carried out by

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<sup>1</sup> Statements used by the respondents to characterize the main reasons to leave.

Gosling, Rentfrow and Swann (2003), John, Naumann and Soto (2008) and Benet-Martinez and John (1998). The conclusiveness of the outcomes was supported by aggregation; by adding individual tested items the superordinate item and the whole were supported<sup>2</sup>. The conclusiveness of factors and their determinants was tested by means of a correlation analysis at the significance level of 0.01. The outcomes indicate a direct and strong dependence between employee dissatisfaction with the identified factors and the decision to leave their work position. The factors were therefore used for further analyses.

Both surveys were filled by 100 respondents who left their jobs last year. Employees were surveyed to find hidden reasons to leave the organization. The method used for data collection in the first survey was CAWI (computer-assisted web interviewing). The second, control questionnaire was based on the CATI method (computer-assisted telephone interviewing). The selection of a representative sample of employee population across sectors was carried out by a random selection of telephone numbers, which incorporates the advantages of multilevel random selection (Disman, 2008). The sample was selected solely for the purposes of the survey and included employees or managers in the age category from 20 to 55 who left their job in the course of the past twelve months. Following an introduction, respondents were included in the survey provided they had satisfied the predefined conditions. Their answers were categorised according to identification questions that formed the first part of the questionnaire. In the first survey, the measurement was based on closed questions with one or several possible answer(s) that had been selected based on the study of literature, documents and other related surveys carried out by the following authors: Branham (2005), Hackman (1980), Meyer, Allen (2004) and Katcher and Snyder (2007). In the second survey a semantic differential was applied that permitted the identification of nuances in respondents' attitudes through the questionnaire. Respondents' reactions to target statements and their attitudes to the given matter were restricted by offering a set of several statements (Hayes, 1998). The extremes of the seven-point scale<sup>3</sup> represented bipolar concepts of the evaluation dimension.

The respondents were surveyed firstly in August and September 2010, secondly in November 2010. The overall return of the first questionnaire was 22%. Return of the second questionnaire is not possible to find out regarding special type of survey (CATI). 61% of respondents of the first survey were female. The second survey did not include question focus on sex of the respondent, because  $\chi^2$  test indicated that there is no dependence between sex and reasons to leave the organization. As well as  $\chi^2$  test did not indicate any dependence between sexes of respondent, also sector does not affect causes of employee turnover.

The analysis was carried out using the Microsoft Excel 2007 and SAS programmes. The conclusiveness of the outputs and relationships obtained were supported by the tools of descriptive statistics and factor analysis.

The data for the evaluation of relationships between potential threats of organizations from the loss of knowledge and identification variables has been gathered through a quantitative survey, i.e. a questionnaire survey, in which 167 higher and middle management managers

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<sup>2</sup> Individual items of the construct sustaining final factors were tested separately and their reliability was added up in the whole.

<sup>3</sup> Using a scale of 1 to 7, respondents expressed their inclination towards one of the preset extreme statements or, provided it was not possible to favour either of the sides, selected a median, neutral value.

from various organizations took part; the branch in which the organizations operate has not been taken into account in 2010. The questionnaire contained 19 questions (15 closed and 4 semi-open) on the knowledge sharing and knowledge transfer and 8 identification questions. The questionnaire was distributed to 814 respondents. The overall questionnaire return was 20.52%, i.e. 167 respondents took part. 55.1% holds a senior management position, 68.9% have university education, 45.5% are in the age group 46-62 years, 70.1% are employees of Czech organizations, 51.5% work in tertiary sector and 38.9% work in the primary sector. 76.6% of respondents were male. For a selective set of questionnaires of managers (167) at the middle and higher levels of management, the prevalence of men in managerial positions over female managers in organizations in the Czech Republic can be statistically supported by the data from the Czech Statistical Office (CSO). According to the CSO, in 2009 77.5% of higher managerial positions were held by men, while female employees occupied only 22.5% of these positions, which also confirms the structure of respondents in the survey carried out in 2010. Women are more frequently appointed to positions in lower management.

**The survey was focused on managers:**

- Who were part of managerial units (liable for the running of the organization or group performance) that were to focus, on an increasing scale, on sharing, transferring and preserving of knowledge of employees who were about to retire or leave to join a competitor (responsible for knowledge transfer in the organization).
- Working with knowledge base and with the aim to enhance it.
- Who themselves were knowledge employees with critical knowledge or monitored employees with such critical knowledge.

The data have been processed by means of absolute and relative frequencies using the LimeSurvey application and the Excel 2007 programme. Testing is done by Pearson Chi-Square test in association table and contingency table. The power of dependence is determined by the correlation coefficient and Cramer's coefficient. Presented results can be generalized on selected sample.

## 4. RESULTS

There is no precise boundary line determined that would define the harmfulness of turnover for organizations. It varies according to labour markets. If employee training is a relatively easy and speedy process with minimal costs, it is possible to provide quality services despite a high turnover. On the other hand, if the recruitment process is too costly and the process of finding employees for all vacancies takes weeks, then employee turnover is seen as problematic. This refers in particular to situations when personnel leave to join a direct competitor.

According to the investigation of the international Chartered Institute of Personnel and Development the level/rate of turnover for all employees was 15.7% in 2005. Rates for individual categories of employees were as follows: services 31.1%, manual workers 16.7 %, secretaries and administrative workers 16.7% and highly qualified specialists and managers 9.1%.

The HR Controlling 2007 study by PricewaterhouseCoopers states that the median value of the total turnover in the Czech Republic is 14.8%, however, in some companies it reaches as much as 25 % and more, which is a significantly higher rate than the recommended one (5-10%).

Two different directions can be encountered on the market:

- Organizations that feel a real shortage of people, and at the same time their turnover reaches up to 25% which includes in particular lower qualification positions (workers) and
- Organizations operating in highly specialized fields, for example the chemical or nuclear power sectors that are facing an opposite situation where the turnover rate is at the minimum market level (less than 6%).

According to the CIPD organization's data the turnover rate significantly fluctuates depending on the sector. A gradual survey of employee turnover shows that the highest figures (over 50% annually) are generated by retail shops, hotels and restaurants, customer centres and slightly lower figures apply to private services. The lowest turnover (less than 10%) has been measured in the following groups: civil servants, firemen, policemen and people employed in the public sector with a high level of knowledge and corresponding salaries.

The level of turnover is also significantly determined by region. The highest numbers of employees that often change jobs are found in places with the lowest unemployment rate and in areas with a good offer of jobs.

Fluctuation progress in CR (in %) in past years is described in Figure 1.

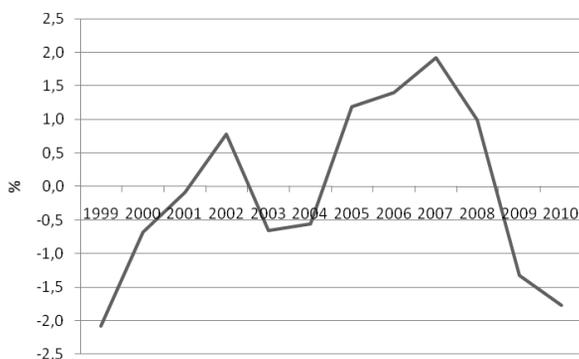


Fig. 1 - Employee fluctuation in Czech Republic (1999 – 2010). Source: ČSÚ

#### 4.1 Causes of Turnover

If personal reasons, such as moving, starting a family, illness, retirement or restarting studies are not taken into account, the causes of turnover can be summarised into the following seven factors:

1. Employees leave their work position due to low pay (remuneration, benefits, imbalance between performance and reward).
2. A secure future is an important factor having impact on the decision to leave a work position (trust in the company's vision, following business ethics, trust in leaders/management, new projects and innovation, speed of employee turnover, a vision of the future).
3. Good relationships at the workplace support employees' decision to stay with their organization although there are good reasons for leaving (co-operation, treatment, fairness, tolerance, helpfulness, the style of assigning and performing tasks).

4. Roles and positions (recognition) in the organization have a major impact on work satisfaction (prestige, opportunities, development, recognition).
5. Communication within the organization and its level also determines work satisfaction (type, feedback, sincerity, ethics, awareness, concealing of information, respecting opinions).
6. Organizational culture (strong) is a critical factor for an employee's decision to stay in the work position (workload, flexible working hours, access to sources, type of culture, focus on quality).
7. The expectation factor determines the length of stay in the work position (imbalance between work and personal life, unclear assignments, expectations, without the support of innovations proposed by employees).

Statistical analysis revealed adequate quality of correlation indicators for all factors, which were compiled by the induction method. Correlation analysis indicated that on a significance level of 0.01 there is a relationship between all elements of the construct (table 1).

Tab. 1 - Verification of hypothesis. Source: author's survey

Hypothesis	Relation between factors which cause disaffection and staff turnover	Pearson Correlation	Support
H1	Expectations – turnover	0.95611**	Yes
H2	Corporate culture - turnover	0.99073**	Yes
H3	Future certainty - turnover	0.98788**	Yes
H4	Communication - turnover	0.88209**	Yes
H5	Relationships - turnover	0.92023**	Yes
H6	Recognition - turnover	0.87689**	Yes
H7	Remuneration - turnover	0.97052**	Yes

In order to check relationships between factors affecting staff turnover, linear regression was employed. Analysis indicates great positive impact of all factors to employee turnover (table 2).

Tab. 2 - Determination factors of linear regression. Source: author's survey

Hypothesis	Relation between factors which cause disaffection and staff turnover	R Square
H1	Expectations – turnover	0.914136
H2	Corporate culture - turnover	0.981537
H3	Future certainty - turnover	0.975908
H4	Communication - turnover	0.778088
H5	Relationships - turnover	0.846822
H6	Recognition - turnover	0.914486
H7	Remuneration - turnover	0.941911

Regression analysis revealed that communication effectiveness relates less to employee loyalty and disaffection. The result is, however still accepted as being statistically significant.

#### 4.2 Factors affecting decision to leave the organization

Findings from the survey indicated that remuneration is the most important factor of disaffection and employee turnover in Czech Republic (21% employees left organization because of disaffection with remuneration). This indicates that salary and level of remuneration is still the most important motivation factor for employees. Other personal benefit programmes (such as benefits, individual work conditions and others) are still not developed and used in praxis. Secondly, employees are leaving their job position because of low future certainty (17%). They are dissatisfied with interpersonal relationships within the organization (16%). Average level of dissatisfaction showed recognition, role and position of employee in the organization (14%) and the same percentage of cause for leaving show problematic communication in organization. Corporate culture is the main reason to leave for 11% employees and unfilled expectations force 7% of employees to quit their job.

Concrete attributes which were reported by respondents are following:

As mentioned above, most of the employees left job position because of remuneration (inadequate salary and benefits). Second most common reason to leave the organization is lack of trust in leadership (31.5%), unfair treatment (27%), dull and not motivating job (23%). 19% of respondents had problematic relationship with supervisor, excessive work and overwork and lack of appreciation and recognition. Other commonly mentioned reasons were lack of teamwork, cooperation, ethic and integrity together with unfair business practices (16%).

#### 4.3 The Threat of the Knowledge Lost

In the questionnaire, the highest number of respondents (39.5%, i. e. 66) stated that an organization would be threatened if an employee with critical knowledge left the organization as the organization would lose the knowledge. A total of 33.6% respondents stated that an employee with critical knowledge who decided to leave would threaten the organization due to the fact that s/he might use it with a competitor. The lowest number of respondents (26.9%, i. e. 45) said that an employee with critical knowledge who wanted to leave represented no threat to the organization.

Tab. 3 - Threats of the organization from the leave of worker with critical knowledge. Source: author's survey

Valid	Frequency	Percent	Cumulative Percent
Yes, the organization loses the knowledge	66	39.5	39.5
Yes, the employee can use the knowledge with competitors	56	33.6	73.1
No, it will not jeopardize the organization	45	26.9	100.0
Total	167	100.0	

The survey also tested the specified hypotheses below:

H1: A opinion of respondent about jeopardizing an organization by leaving of an employee with critical knowledge is not dependent on his/her education.

H2: A opinion of respondent about jeopardizing an organization by leaving of an employee with critical knowledge is not dependent on his/her age.

H3: A threat arising from the leaving of an employee with critical knowledge for the organization is not dependent on their ownership interest in the organization.

H4: A threat arising from the leaving of an employee with critical knowledge for the organization is not dependent on the size of the organization.

H5: A threat arising from the leaving of an employee with critical knowledge for the organization is not dependent on the sector.

According to 45.4% academically qualified respondents, an employee's leaving would threaten the organization. It is also the most numerous category consisting of 59 respondents. As the p-value calculated by means of the  $\chi^2$  test (Pearson Chi-Square) of 0.000 is lower than the selected level of significance  $\alpha = 0.05$ , null hypothesis has been rejected. The dependence between the endangering of the organization caused by the leaving of an employee with critical knowledge and his/her education is statistically important at the 5% significance level. With respect to the values of contingency coefficient, it is possible to say that the proven statistical dependence between the features monitored is direct (with respect to its positive value) and weak (with respect to the calculated absolute value of correlation characteristics close to the value of 0.3).

The outcomes show that the biggest number of respondents who think that a leaving employee would endanger the organization are not older than 45. This age group also includes 30 respondents (35.3%) according to whom the threat lies in the employee's joining a competitor. Only 16 respondents in the age category up to 45 and 29 respondents in the age category over 46 think that the leaving of an employee with critical knowledge would not threaten the organization. On the basis of the  $\chi^2$  test, the null hypothesis has been rejected (see table 4) and the degree of dependence is, with respect to contingency coefficient, direct and very weak (see table 5).

A total of 29.1% respondents in Czech organizations think that an employee with critical knowledge who leaves will threaten the organization and 64% of respondents from foreign organizations or organizations with Czech participation are of the same opinion. 44 respondents (37.6%) from Czech and 12 respondents (24%) from foreign organizations see the threat in the utilization of the knowledge by competitors. Based on the  $\chi^2$  test, the null hypothesis has been rejected (see table 4) and the degree of dependence is, with respect to contingency coefficient, direct and weak (see table 5).

The outcomes show that the biggest number of respondents (24) who think that an organization would be endangered by an employee's leaving are people from organizations with more than 250 employees, followed by people from organizations with no more than 99 employees (16) and organizations with a maximum of 19 employees. The threat of utilization of the knowledge by competitors is perceived in particular by individuals from organizations with no more than 99 employees (24, 42.1%) and organizations with a maximum of 19 employees (11,

26.8%). The findings also show that a total of 47.7% (41) respondents from the tertiary sector think that it represents a threat to the organization and 27 (31.4%) of them see the major threat in the utilization of the knowledge by competitors. The primary sector is the second biggest category, with 19 respondents (29.2%) are convinced of the threat and 21 respondents (32.3%) state that the threat lies in the utilization of the knowledge by competitors. On the basis of the  $\chi^2$  test, the null hypothesis has been rejected (see table 4) and the degree of dependence is, with respect to contingency coefficient, direct and weak (see table 5).

The table of row percentages displays that a total of 47.7% (41) of respondents from the tertiary sector think that it would threaten the organization and 27 (31.4%) see the threat in the utilization of the knowledge by competitors. The second most numerous category is the primary sector where 19 respondents (29.2%) are convinced of the threat and 21 respondents (32.3%) state that the threat lies in the utilization of the knowledge by competitors. Based on the above, it is evident that the biggest threat arising from the leaving of an employee with critical knowledge is felt in the tertiary sector, i.e. the sector of services. The second most threatened category is the primary sector. On the basis of the  $\chi^2$  test, the null hypothesis has been rejected (see table 4) and the degree of dependence is, with respect to contingency coefficient, direct and very weak (see table 5).

Tab. 4 - Verification of hypotheses concerning the relationships between qualitative characteristics. Source: author's survey

Hypothesis	Relationship between qualitative characters	X2 test	$\alpha$	Hypothesis decline
H1	Threat from knowledge lost - education of respondents	0.000	0.050	Yes
H2	Threat from knowledge lost - age of respondents	0.046	0.050	Yes
H3	Threat from knowledge lost - majority ownership	0.000	0.050	Yes
H4	Threat from knowledge lost - size of organization	0.005	0.050	Yes
H5	Threat from knowledge lost - sector of economy	0.037	0.050	Yes

Tab. 5 - Force of dependence between qualitative characters. Source: author's survey

Hypothesis	Relationship between qualitative characters	Power of dependence
H1	Threat from knowledge lost - education of respondents	0.3
H2	Threat from knowledge lost - age of respondents	0.2
H3	Threat from knowledge lost - majority ownership	0.3
H4	Threat from knowledge lost - size of organization	0.3
H5	Threat from knowledge lost - sector of economy	0.2

In the quantitative survey carried out all five null hypotheses have been rejected and alternative hypotheses have been accepted that indicated the correlation between the examined features. The degree of dependence has been measured too and ranged from 0.2 to 0.3. The following dependences have been proven:

1. A opinion of respondent about jeopardizing an organization by leaving of an employee with critical knowledge is dependent on his/her education (direct dependence, weak).
2. A opinion of respondent about jeopardizing an organization by leaving of an employee with critical knowledge is dependent on his/her age (direct dependence, very weak).
3. A threat arising from the leaving of an employee with critical knowledge for the organization is dependent on their ownership interest in the organization (direct dependence, weak).
4. A threat arising from the leaving of an employee with critical knowledge for the organization is dependent on the size of the organization (direct dependence, weak).
5. A threat arising from the leaving of an employee with critical knowledge for the organization is dependent on the sector (direct dependence, very weak).

Based on the findings, it can be stated that in particular more experienced managers who have held positions in middle and higher management for a longer period of time feel that the loss of knowledge of leaving employees represents a threat for their organizations. How serious such a threat is for the organization is then determined by the type of organization (Czech, foreign), its size and the sector in which the given organization operates.

It is also possible to state that there is another aspect why knowledge continuity ensuring is important. An employee leaving an organization where no knowledge continuity is ensured takes with him/her not only the know-how, but also the relationships established with his/her colleagues within the organization. This may significantly affect the flow of knowledge inside the organization. A leaving employee can also have external relationships with the surrounding environment that in many cases can be crucial for the organization. Therefore it is important for organizations to systematically ensure knowledge continuity that will bring them the following benefits:

- Knowledge continuity ensuring enables organizations to preserve their knowledge even after an employee who was the holder of critical knowledge leaves, i.e. the threat of loss of knowledge is eliminated.
- Knowledge continuity ensuring improves and speeds up the process of initial training of new employees.
- It enhances the quality of the management process and the quality of decision-making and contributes to a higher quality of processes (in particular processes exploiting knowledge) and this improves the performance of the entire organization.

## 5. DISCUSSION

The reasons for employee leaving are not directly dependant on employees' education or age. These values have not proven conclusive in the statistical testing carried out. Similarly, these values have not turned crucial in terms of the level of turnover. The causes of employee turnover have been tested separately on a sample of respondents.

29 determinants were used to describe 7 main factors. Factors<sup>4</sup> were created based upon aggregation of determinants. The factors were confirmed by the method of induction based on

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<sup>4</sup> Those factors are remuneration, certainty, relationships, recognition, communication, culture and expectations.

the results of the surveys. The factors were structured as general, analogically to the surveys carried out by Gosling, Rentfrow and Swann (2003), John, Naumann and Soto (2008) and Benet-Martinez and John (1998). Each item of the construct was tested (by correlation and factor analysis), therefore the whole was supported. The outcomes of analysis indicate a direct dependence between employee dissatisfaction with the identified factors and the decision to leave organization. The construct (factors and its determinants) was therefore used for further analyses.

Factors at the individual and organizational levels determining turnover are simultaneously factors determining the level of knowledge continuity ensuring. At the individual level it includes, for example, trust in colleagues or internal motivation of employees. For the majority of employees it is unlikely that they would share their knowledge and experience without having trust in the given person, if they themselves want to leave the organization, for example, to start working for a competitor. It is important for leaving employee to believe that people will not misuse knowledge that has been transferred to them. Knowledge is power and may lead to an imbalance in roles. Knowledge sharing may increase uncertainty in relation to job keeping and simultaneously may lead to realising of one's power within the organization. The working environment in organizations is often affected by fear among people which reduces their job certainty and makes them unwilling to share knowledge.

There are seven factors that have been proven to determine employee turnover (remuneration, certainty, relationships, recognition, communication, culture and expectations). A correlation analysis indicates a strong dependence between dissatisfaction of employees with the stated factors and tendencies to leave the working position.

The findings of the survey confirm the tendency of employees to stay with the organization provided there are favourable conditions, they find the corporate culture suitable and there are no conflicts (95%). It is therefore necessary to apply long-term and non-tangible rewards (as suitable work conditions, corporate culture, relationships between employee and supervisor, manager's behavior, trust in management) and type of personnel work<sup>5</sup>. Only 5% of employees focus on more suitable external offers.

As far as large and middle-sized organizations are concerned, key employees with critical knowledge can usually be found at the level of specialists while in small organizations key employees are part of higher management (often the owner or founder). Usually, employees with critical knowledge are people who have experienced several essential changes, crises and personnel changes in the given organization, have not yet gone through the stage of personal burnout, know the reasons and causes of the current state and have sufficient contacts not only in the organization but also outside it. Knowledge continuity ensuring is targeted at employees who are willing to co-operate, share and preserve knowledge as a natural consequence of their social and communication skills.

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<sup>5</sup> There are four possible ways to implement personnel retention management (Branham, 2006). It is possible to sort them into tangible and intangible versus long-term and short-term. The most suitable combination to retain leaving employee is to apply above mentioned combination of long-term and intangible rewards.

## 6. CONCLUSION

A total of 73.0% of respondents mentioned that an employee with critical knowledge who wanted to leave the organization represented a threat. Each organization has a different approach to knowledge continuity ensuring and the problem of loss of knowledge may occur. At present, organizations do not possess any personnel or financial reserves. They do not realise that an employee with critical knowledge may leave and they will have to train a newcomer, which is costly. However, if an employee leaves and the organization is unable to find a replacement, it is impossible to quantify what has been lost in that person.

The factors determining turnover are interwoven with personal and informal aspects. The most frequent reason for leaving is remuneration (21%) and insufficient future security (17%). Both these factors are part of a construct falling into the category of employee expectations. These were followed by factors linked to the relationships at the workplace (16%) that also indicate the emphasis on an informal and personal level. Then there is dissatisfaction with one's role and position in work (14%), which confirms the above concept. The style and state of communication in the organization follows (13,5%), only then there is the type of culture prevailing at the workplace (11%).

It is possible to state that positive relationships and their experiencing create favourable pre-conditions for the strengthening of motivation of employees to do good work and perform better. Personal satisfaction is one of the main conditions for work satisfaction. These employees show better performance despite worse organizational conditions.

On the basis of the survey it is possible to say that in relation to ensuring knowledge continuity there is a positive impact of the factors at the individual level (internal motivation, previous experience with knowledge sharing and trust). It is also possible to say that in relation to ensuring knowledge continuity there is a positive impact of the factors at the organizational level (climate in the organization, stimulation (remuneration system), communication process, willingness to invest in employee education).

There is a causality in organization development in terms of employee turnover. In order to eliminate dissatisfaction, affectivity, alienation and frequent resignations of employees, it is necessary to monitor the approach to employees in relation to the following factors: organizational culture, employee recognition and remuneration. These factors prove lower dissatisfaction and affectivity. Organizations may take the opportunity of development and growth from a small to a large organization by enabling the introduction of projects and independent work of employees, listening to proposals and their implementation in practice.

With respect to the differences in perceiving the importance of monitoring and dealing with turnover at the individual levels of management (the importance of managing turnover and retention tends to increase with higher levels of management), it is necessary to train line managers in implementing and maintaining the set turnover management procedures and check whether they implement and maintain them and how so.

It is possible to conclude that the competitive advantage of organizations currently lies in particular in how employees apply their knowledge, experience and skills that are essential for ensuring the continuity of an organization's activities. Knowledge continuity ensuring eliminates the threat of loss of knowledge during employee turnover and other personnel changes.

The key point for reducing turnover is to change human resource management in compliance with the trend of employee development, encouraging independence, career planning, open communication and sharing information. As personnel theory states it is necessary to take into account needs of employees at different levels of development. The needs that are often overlooked and problematic are the needs of solidarity, friendship, safety and security, fulfilment, recognition by a team and self-fulfilment. The perceived difference between the desired and real situation causes dissatisfaction and employees tend to leave their job. Employees need to be encouraged to perform their tasks in order to increase their feeling of importance, satisfaction, usefulness for the organization and in particular to maintain and increase the overall performance of the organization and productivity of work at the time of economic crisis. It is obvious that employees who are not encouraged do not have enough information and on the top of that are criticised, are almost sure to leave the organization.

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