
PERSONNEL TURNOVER MANAGEMENT PRACTICES IN BULGARIA AND KOSOVO ENTERPRISES

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Abstract: The paper addresses the issue of personnel turnover in enterprises in Bulgaria and Kosovo. It presents the theoretic aspects of the nature and forms of personnel turnover, its determinative factors and effects for business entities as well as focuses on some initial prerequisites for the two countries, which indirectly influence it. The paper also presents the findings from a conducted survey among companies from the two countries which findings confirm the significance of the problem with personnel turnover and are used for an analysis of the practices for its management.

Keywords: personnel turnover, human resources.

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Introduction

Personnel turnover in organizations, in quantitative and qualitative terms, is neither something new nor something atypical. It is also not always bad for companies. However, if it is on a large scale, it can harm businesses and incur additional direct and indirect costs for them. Therefore, identifying, reporting and analyzing changes in the structure of human resources and their rates are essential for taking adequate measures and making changes in human resource management policies.

Personnel turnover is found in various forms and is a result of a number of factors relating to individuals, work and the external environment. Such factors are job satisfaction, commitment to the organization, age, experience and gender, etc., as well as integration processes, competition in the labour market, opportunities for higher labour mobility. It is the increase in competition, the greater opportunities for movement of people, in parallel with their growing importance for the prosperity of the organization and the negative effects of high turnover that draws the attention of practitioners and researchers to the problem of personnel turnover. In this context, the paper aims to examine the problem of turnover in enterprises in theoretical and empirical aspects in order to determine its significance and to identify approaches to its management. This study also adds a perspective to the international comparison of the practices of companies from Bulgaria and Kosovo, in order to take into account the influence of some of the mentioned factors that determine personnel turnover.

1. Theoretic aspects of personnel turnover

Personnel turnover is not a new and unknown phenomenon for management theory and practice. As Salehudin and Satrya point out, publications on this issue exist for about a century (Salehudin & Satrya, 2018). Of course, the emphasis and focus in them are different in the different periods of mankind development (Hom, Show, Lee, & Hausknech, 2017).

1.1. Definitions and forms of personnel turnover

Various definitions of personnel turnover can be found in extant literature. Some of them define it as “the ratio between the number of people who leave an organization over a certain period of time and the average number of people in the organization over that period” (Iqbal, 2010) and reflect the rate at which people leave the organization (Akinyomi, 2016). In the cases in which people leave the organization, employment relationships between employees and employers come to an end (Slavyanska, 2012). Personnel turnover can also be considered in terms of the entire process related to the filling of a vacancy. In most cases, when a position is vacated, a new employee needs to be hired and trained (Iqbal, 2010; Akinyomi, 2016). Other publications examine staff fluctuations in terms of the causes for them. Personnel turnover is identified as a function of employee dissatisfaction with work or dissatisfaction of the organization with a particular employee (Nikiforov, 2010).

More generally, personnel turnover is the movement of people to and from the organization. It is the rotation of employees in the labour market, involving companies, positions and professions and the states of employment and unemployment (Kazi & Zadeh, 2011).

The review of the literature allows us to outline several types of personnel turnover: voluntary and involuntary, internal and external.

Voluntary personnel turnover refers to leaving the organisation at the request and initiative of the employee. It can be broken down into two sub-groups: avoidable and unavoidable turnover. The former is the turnover that could have been prevented by certain organisational actions, while the latter is unavoidable due to the circumstances that cause it (e.g. spouse's relocation) (Iqbal, 2010).

Involuntary turnover, in turn, results from employer's decisions to make redundancies to improve the poor financial position of the business and reduce costs or to dismiss an employee for disciplinary or job performance problems (Slavyanska, 2012).

Internal turnover is associated with the transfer of an employee from one job to another in the company. In a broader sense, a change in the job description or job specification of an employee can also be defined as such (Kazi & Zadeh, 2011). External turnover is related to leaving the company and changing the organization.

When speaking of personnel turnover, we should also mind its size. In this line, we can identify normal and high turnover. Rates up to 5% are considered normal, and over this limit – high.

1.2. Determinants of personnel turnover

Personnel turnover in its various forms is a function of the reasons for vacancy in the workplace. They can be either extrinsic, thus originating from employee's external environment or intrinsic - for personal reasons. For some authors, the determinants of turnover can be classified as work-related factors, personal factors and external factors. For other, some factors are fundamental, such as job satisfaction and commitment to the organization, and some are secondary such as individual variables and variables originating from the external environment of the organization (Slavyanska, 2012). Zhang classifies the factors into three main groups: personal; organizational and work-related; social and economic (Zhang, 2016). The first group includes age, gender, education, experience, marital status, abilities of the individual, etc.; the second - organizational culture, pay, training, promotion, employee involvement, organizational justice and other, and the third: level of economic development, labour market conditions, job opportunities, the cost of living, quality of life,

transportation, educational opportunities, health care, etc. These factors in different ways influence the employee intention to leave the organisation. Some of them directly influence turnover, other - indirectly, through other variables.

From a practical point of view, voluntary employee turnover deserves more attention, because for the company this is leaking of human resource investment and benefit for other organizations (Slavyanska, 2012). The reasons for this are various and a function of the many aforementioned factors.

A survey of 7,030 American private and public organizations has identified several main reasons for voluntary turnover: compensation, professional advancement, and personal reasons (PayScale, 2019).

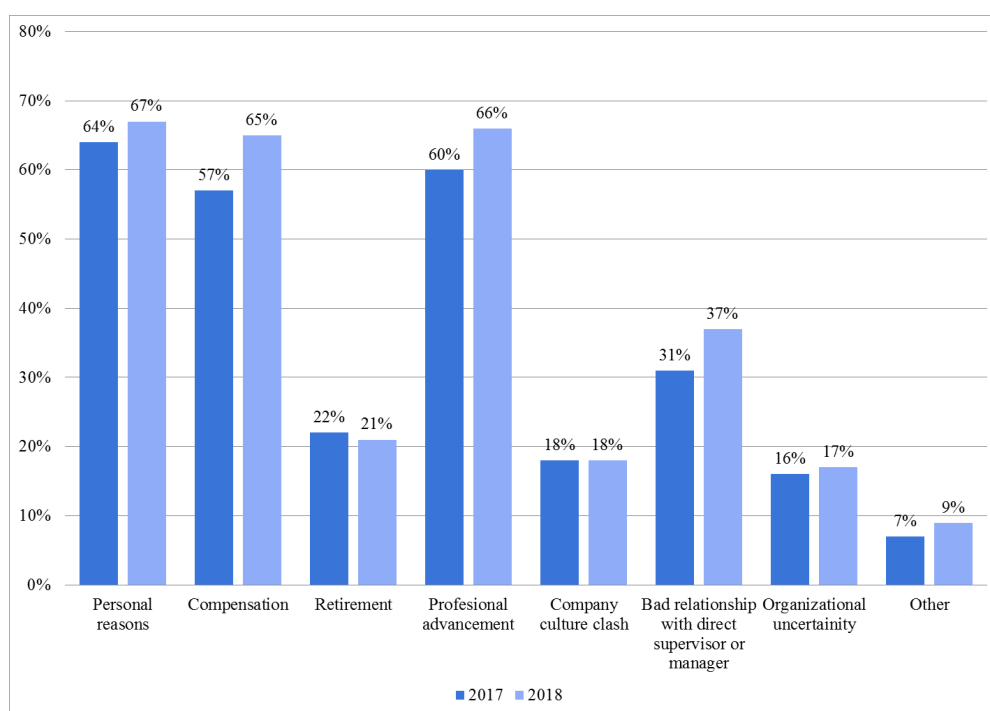


Figure 1. Top Reasons Employees Voluntarily Left Organizations
Source: <https://www.payscale.com>

Other important reasons (excluding retirement, which is objectively presupposed) for leaving are the relationship with the management, the company culture clash and the organizational uncertainty.

Regardless of the reasons, high turnover undoubtedly affects the position and the performance of enterprises. Therefore, to analyse its effects is a must.

1.3. Effects from personnel turnover

A significant majority of the publications on employee turnover view it as an organizational problem that must be minimized (Salehudin & Satrya, 2018). In this regard, it is necessary to timely collect comprehensive information about the motives for company leaving. (Ryazantseva, 2014). Such information would enable managerial structures to make timely employee retention changes in human management policies.

The effects of personnel turnover can be both negative and positive. The negative ones include additional direct and indirect financial costs for enterprises. Direct costs are related to the selection of new candidates and their subsequent training. In case of unfavourable labour market for the employer these costs are even higher. Indirect costs include: workload impact, the involvement of the rest employees in the company, customer satisfaction and the risk of customer orientation to other companies. The cost of missed opportunities due to knowledge leaks and reorganisation of patterns to fill the vacancy and the transition of the new hire should also be taken into account.

At the same time, personnel turnover can have positive consequences to the organization. It allows employers to replace less productive and less competent employees with new ones that have fresh ideas and higher potential (The Harvard Business Essentials Series, 2002).

Despite the potential benefits of personnel turnover, it can be costly to the organization. Therefore, management must use a bunch of measures and strategies to retain employees.

2. Initial prerequisites that influence personnel turnover in Bulgaria and Kosovo

Prior to investigating personnel turnover management practices in companies in Bulgaria and Kosovo, we will give a brief overview of the economies of these countries. This will complement the considerations related to the issue of personnel turnover by outlining some initial prerequisites and factors contributing to this phenomenon.

In general, it is noteworthy that the two countries differ in their economic development and degree of integration. Bulgaria has been a member of the European Union (EU) since 2007, while Kosovo, considered to be

the youngest European country, signed a Stabilization and Association Agreement (SAA) with the EU in October 2015 (in force since 2016).

The population of the two countries is about 7 million and 1.8 million people, respectively. In 2018, Bulgaria's gross domestic product (GDP) at current prices is EUR 56,086.9 million, and per capita - EUR 7,984. The same figures for Kosovo amount to EUR 6,725.9m and 3,746m, respectively. The total value of Bulgaria's exports and imports is 131.1% of GDP, and that of Kosovo - 79.9%. There are many more companies in Bulgaria than in Kosovo. In 2018, the number of active ones is over 344 thousand, while in Kosovo - over 35 thousand. In both countries micro-firms prevail.

The two countries also differ in terms of labour markets. The employment rate in Bulgaria for 2018 is 52.4%, while in Kosovo it is 28.8%. In Bulgaria, the employment rate of men (58.4%) is higher than that of women (46.9%). The same is reported for Kosovo, but in a slightly larger disproportion, with employment for men at 45.3% and that for women at 12.3%. The average annual unemployment in Bulgaria in 2018 is 6.2%, and that in Kosovo to 29.6%. Unemployment and unsatisfactory economic conditions are the reason for the emigration of a significant part of the population from both countries. In 2017 alone, Bulgaria reported an increase from external migration of -5989 people, and Kosovo of -5431 people. In this regard, we can make the following inferences. First, higher unemployment is a prerequisite for greater external migration as well. The data for both countries show that the low unemployment in Bulgaria does not have a curbing effect on emigration. Second, the high workforce supply in the labour market should have a reverse effect on personnel turnover. In this context, personnel turnover in Kosovo must be smaller compared to Bulgaria.

3. Firm practices for management of personnel turnover

In view of the above considerations and having established the importance of personnel turnover for Bulgarian enterprises and approaches to its management, we conducted a survey among Bulgarian and Kosovo companies. It was conducted in the period October-November 2019 with a questionnaire created in the virtual environment Google Forms. 134 Bulgarian and 101 Kosovo companies responded to the invitation to participate in the survey. Based on the information collected we can outline the following characteristics of the companies included in the sample:

Criterion	Bulgarian companies (% of the total number)	Kosovo companies (% of the total number)
Ownership		
Private ownership (owned by a national physical entity)	46	33
Private ownership (owned by a national legal entity)	34	28
Private ownership (owned by a foreign legal entity)	13	8
Other	7	31
Size based on number of employees		
micro-	33	21
small	25	24
medium	25	34
big	17	21
Distribution of output		
In the home markets	40	65
In the foreign markets	7	3
In the home and foreign markets	53	32
Existence of an HR unit		
Yes	25	44
No	58	44
A position only	17	12

Personnel turnover has different significance for the companies from the two countries (see Fig. 2 and Fig. 3).

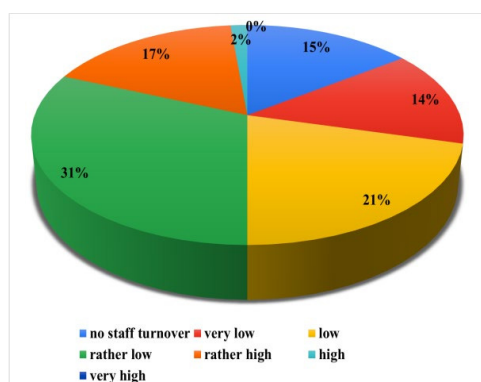


Figure 2. Management assessment of personnel turnover in the Bulgarian companies

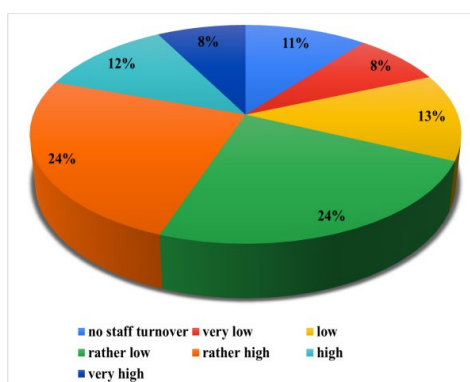


Figure 3. Management assessment of personnel turnover in the Kosovo companies

The managers of a large part of the Bulgarian enterprises point out that it is rather low or low, low or there is no turnover. Only 17% of the respondents stated that it is rather high and only 2% that it is high. As for the companies from Kosovo, the answers are more evenly distributed, as for 24% of the companies this problem is rather big, for 12% it is big, and for 8% - very big.

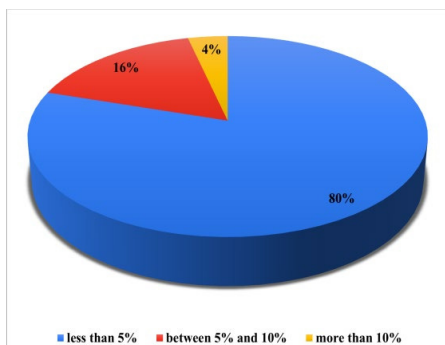


Figure 4. Size of personnel turnover in the Bulgarian companies

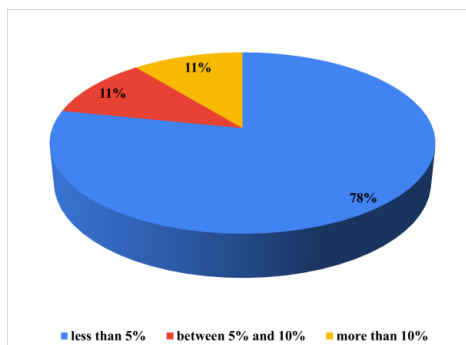


Figure 5. Size of personnel turnover in Kosovo companies

In absolute values, the turnover of people in companies in both countries is within the normal range, i.e. less than 5% (see Fig. 4 and Fig. 5). However, it can be seen that the distribution in the other two ranges is different. The share of companies with turnover between 5% and 10% is higher for Bulgaria compared to Kosovo. Then, personnel turnover of over 10%, is found in 11% of Kosovo companies and only in 4% of the Bulgarian ones.

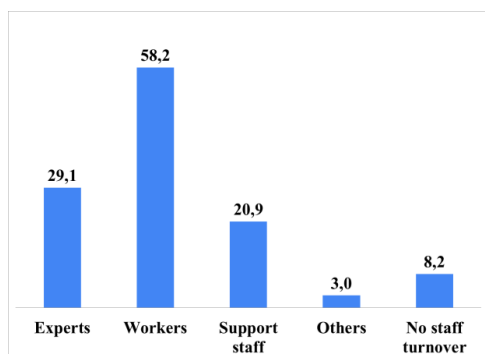


Figure 6. Categories of staff with the highest personnel turnover in the Bulgarian companies (percentage of firms)

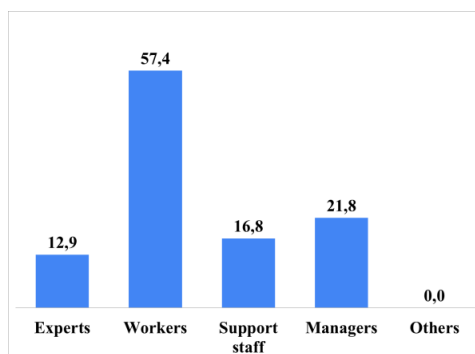


Figure 7. Categories of staff with the highest personnel turnover in the Kosovo companies (percentage of firms)

The people from the category of workers are the most affected in both countries (see Fig. 6 and Fig. 7).

For the other categories of staff the turnover is different. It is higher for the specialists from the Bulgarian companies compared to that in Kosovo. What else distinguishes the companies from the two countries is the turnover of management staff. According to the data there is no high turnover in the category of management staff in the Bulgarian companies, which is not the case in the Kosovo companies.

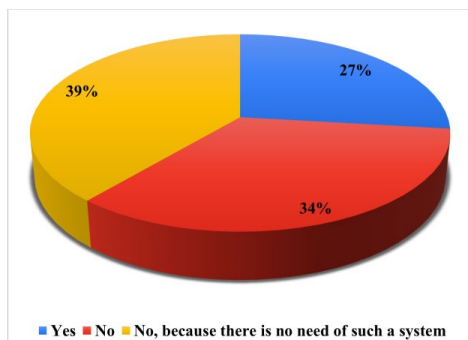


Fig 8. Personnel turnover data collection system in the Bulgaria companies

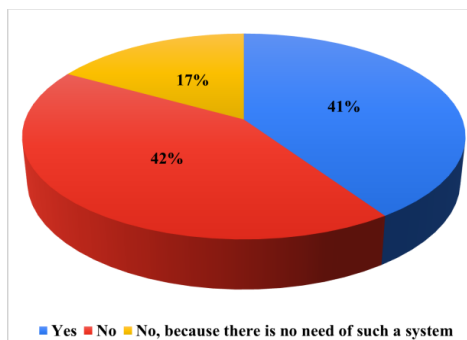


Fig 9. Personnel turnover data collection system in the Kosovo companies

A significant proportion of enterprises (larger for Kosovo than for Bulgaria) collect information regarding personnel turnover. The other companies do not have a system for collecting such data, which can be explained by the specifics of the management and the size of the companies (see Fig. 8 and Fig. 9).

The lack of such a system is logically linked to the existence of special programs for retaining people in the organization (see Fig. 10 and Fig. 11). In the majority of cases where information on turnover is not collected, there is no staff retention program.

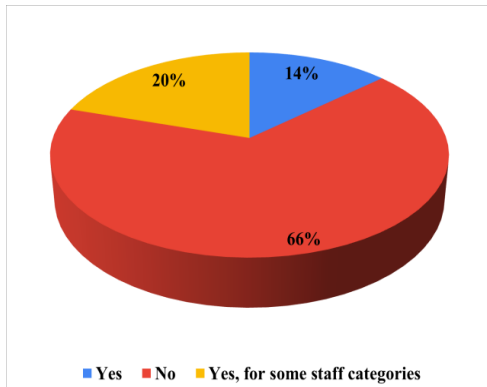


Figure 10. Existence of special personnel retention programmes in the Bulgarian companies

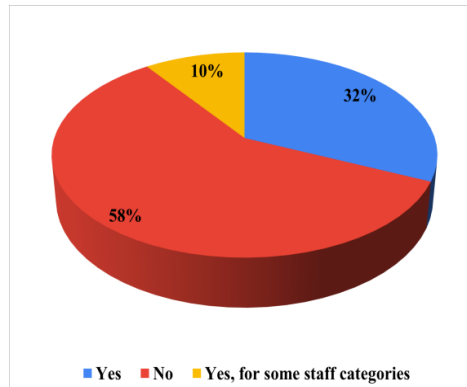


Figure 11. Existence of special personnel retention programmes in the Kosovo companies

These conclusions are valid for the majority of micro- and small enterprises in both countries.

Notwithstanding these findings, almost all Bulgarian and Kosovo companies use a more modest or a richer range of personnel motivation tools (see Fig. 12 and Fig. 13). From the data collected it can be inferred that Bulgarian companies use to a greater extent and more diverse tools than the Kosovo ones. The most commonly used tool is bonuses in cash, which is traditional in the management practice in view of the affirmed remuneration system or the level of wages. It is used by 83% of the Bulgarian companies and by 71% of the Kosovo ones.

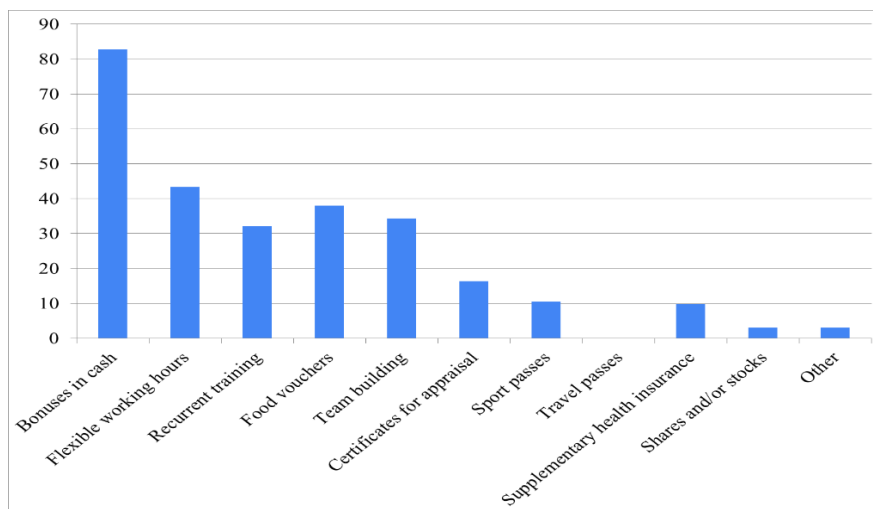


Figure 12. Personnel motivation tools in the Bulgarian companies

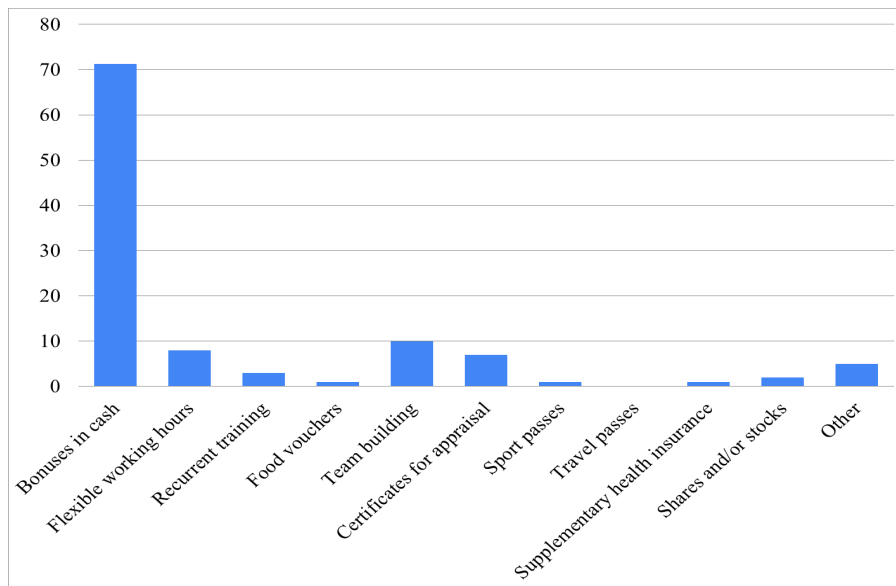


Figure 13. *Personnel motivation tools in the Kosovo companies*

Apart from the bonuses in cash, the other motivation tools find various applications in personnel management in the two countries. Bulgarian companies often use tools such as flexible working hours, recurrent training, team building and food vouchers, certificates for appraisal, while in Kosovo these tools find much more limited application. More detailed information on the application of the specific tools by specific groups of companies is presented in Table 1.

Table 1

Applied personnel motivation tools (% of the companies in the respective category)

	BC	FWH	RT	FV	TB	CA	SP	TP	SHI	S/S	OTH
Companies	Bulgarian										
micro-	86	66	25	20	25	16	2	0	2	5	2
small	79	44	21	35	38	21	9	0	12	3	3
medium	79	33	39	45	30	12	9	0	12	0	0
big	88	12	46	62	54	19	27	0	15	4	8
Companies	Kosovo										
micro-	62	14	0	0	10	5	0	0	0	5	10
small	71	4	4	4	25	4	0	0	4	0	0
medium	69	9	3	0	6	11	0	0	0	3	6
big	86	5	5	0	0	5	5	0	0	0	5

Legend: BC – Bonuses in cash; FWH – Flexible working hours; RT – Recurrent training; FV – Food vouchers; TB – Team building; CA – Certificates for appraisal; SP – Sport passes; TP – Travel passes; SHI – Supplementary health insurance; S/S - Shares/Stocks; OTH – Other.

We explain these differences to a large extent by the difference in the internationalization and transfer of management practices, the openness of economies and the competition in the internal labour market.

In conclusion, we can state that personnel turnover is a phenomenon that is inherent in any organization, regardless of the subject of activity and its size. In today's conditions of open economies and bigger opportunities for labour mobility, the need to retain people and manage this problem is becoming increasingly urgent for businesses. There are many factors the influence of which must be taken into account in this process, related to both the individual and the company and its environment.

The empirical study shows that the personnel turnover issue is of different importance for the Bulgarian and Kosovo enterprises. The practices related to its management are also different, despite some similarities.

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