

## **Proposal to reduce the staff turnover in service companies, compared Russia – Mexico**

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### **Abstract**

Today companies have a high degree of staff turnover, derived from the movement that occurs in the labour market, this phenomenon occurs for different reasons ranging from voluntary resignations to layoffs; most of which are caused by low wages, improper selection and lack of motivation. The consequence of this phenomenon for companies is to recover the personal loss and invest for the adaptation process, productivity and efficiency of the group. In 2015, Mexico stood at 17.8% of job turnover while in Russia, according to Rosstat data, 11% of the population works less than a year in a job, 700,000 of them do less than one month. The objective of this work is to design a proposal to reduce staff turnover in service companies, so 8 steps are proposed to reduce this rate.

### **Staff turnover, Comparative Russia-Mexico**

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## Introduction

Today companies have a high degree of staff turnover, derived from the movement that occurs in the labor market, this phenomenon occurs for different reasons, from voluntary resignations to layoffs; which mostly are caused by low pay, incorrect selection and lack of motivation (Flores et. al., 2008) with the consequence that companies submit to retrieve personal and during the adaptation process, loss of productivity and efficiency group. (Cabrera et. al., 2011). Is why it is essential know the expectations of workers to help companies to more accurately focus their human resources policies, (Maltseva, 2005). In 2013, it was revealed that the rate of turnover in Mexico generally stood at 17.8%, Nayeli Escobar, manager of human capital in PwC, explained that the rotation problem affecting organizations not only for the costs incurred, but for what it represented lose a trained employee (Newspaper . Goals, 2013) Likewise in Russia according Rosstat data, 11% of the population works less than a year in a job, 700,000 of them do less than a month; citizens move away from the Soviet prejudices. The objective of this work is to design a proposal to reduce staff turnover service companies.

## Investigation question

The problem to be studied is described based on the following descriptive questions:

1. What is the current situation of staff turnover services companies in Mexico and Russia?
2. What are the causes of staff turnover-?
3. What working conditions exist in Mexico Russia and what similarities and differences exist between two countries?
4. What intervention proposals can be developed to solve the causes of labor turnover in Mexico and Russia derived from the evolution of the HR management?

Based on these questions the objectives are related to the identification of the relationship of selection process, recruitment, training and working environment with staff turnover.

## General objective

Design a proposal to reduce staff turnover service companies.

## Specific objectives

- Analyze the current situation of staff turnover in Mexico and Russia.
- Determine the causes of staff turnover.
- Compare the working conditions of Mexico and Russia
- Develop a proposal for intervention to solve the causes of staff turnover found.

## Justification

With this research compare staff turnover services companies in Mexico and Russia, determining the impact of this on business and design a proposal for intervention to reduce staff turnover as it adversely affects them.

## Theoretical framework

### Staff turnover

Staff turnover is understood to fluctuations between inflows and outflows of people in an organization within a period of time. (Saldivia, 2013)

Every company has a certain degree of rotation, which is achieved keeping qualified employees for related charges and the possibility of new workers with the necessary for the posts in question competences is also achieved.

However this phenomenon is generally rejected by the control of organizations as large costs associated by separation, recruitment and induction of new workers, addition to lower efficiency that occurs in people who work with a replacement and try to retain to the clients. (Cabrera, 2011)

We find that staff turnover can be generated in two situations: when the staff is obtained from outside the institution or when the same personnel belonging to the company which was removed to a new position. (Flores, 2008)

### Causes staff turnover

Staff Turnover is generated by different causes which can be divided into two, forced rotation (death, retirement, permanent disability, illness) and causes of voluntary turnover (for resignation worker dismissal, poor selection, for personal or family reasons, for natural instability). (Lopez, 2016)

Another way to divide the factors affecting mobility are internal or external factors affecting the organization, which determine the behavior and attitude of workers as shown in Table 1.

a. External Factors	b. Internal Factors.
Situation of supply and demand for human resources in the market Economic situation	Policy salary and benefits of the organization
Employment opportunities in the labor market.	Organizational culture
Decreased unemployment Conditionality demand	Criteria for performance evaluation

**Table 1** External and internal factors affecting turnover  
*Source (Saldivia, 2013)*

Companies can identify information regarding the factors affecting staff turnover through calls exit interviews, which apply to people who no longer belong to the company, giving these a basis for a situational analysis of the organization and a assessment of the human resources policy practiced by the organization, achieving determine necessary to make changes that allow heal the effects of these on staff mobility.

### Costs of staff turnover

Costs for staff turnover can be divided into primary (recruitment and selection, registration and documentation, integration and training process low and high of employees) and secondary (productivity, attitude problems, overtime, loss of customers, among others). In the first case they are easily measured to be quantitative, but the latter are more difficult to quantify and many companies overlook (Cabrera et al, 2016).

### General facts Mexico

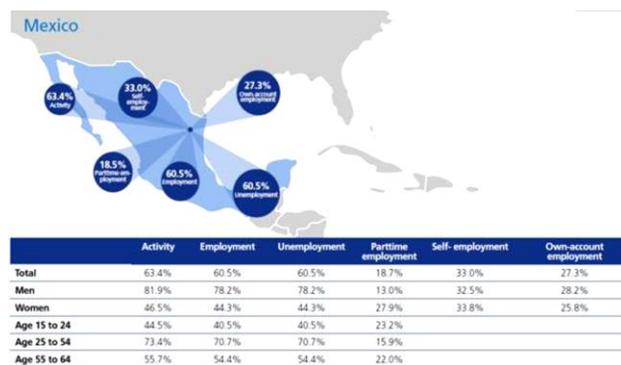
Mexico, whose official name is United Mexican States, is a country of America, located in the southern part of North America. Its capital is Mexico City. Is a republic democratic, representative and federal composed of 32 states, including 31 states and the capital are considered a single federal entity.

The Mexican territory covers an area of 1,964,375 square kilometers, so it is the fourteenth largest country the world and the third largest in Latin America. To north with the United States over a border of 3,118 km, while the south has a border of 956 km with Guatemala and 193 Belize, the country coasts bordered the west by the Pacific Ocean and the east by the Gulf of Mexico and Caribbean Sea, totaling 11,593 km, making it the third American country with longest coastal

Mexico is threelenth country most populous world with an estimated 119 million people by people, 2015 most of whom have as mother Spanish tongue, which the state recognizes as national language along with 67 indigenous languages own nation. In the country around 287 languages are spoken; due to the characteristics of its population, is the Spanish speaking most populous country, as well as the seventh most country linguistically diverse in the world.

### Occupation rate

As can be seen in figure 1 in Mexico 60% of the population has a job but 33% is self-employment. It is indicating that a high percentage of the population is embedded in the informal economy.

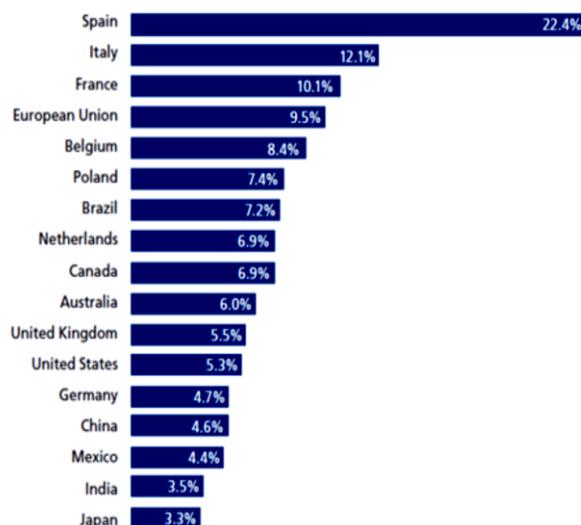


**Figure 1** Occupation Rate. *Source: Global Report 2016 Randstad Workmonitor*

### Unemployment in Mexico

Unemployment to 2015 in Mexico represents 4.4% resulting from the constitutional reforms that were carried out.

### Unemployment rates 2015



**Figure 2** Unemployment Rate. *Source: Global Randstad Workmonitor report 2015*

### Main economic activities

According to INEGI the population distribution by sector is 13% for the primary sector, 25% for the secondary sector and 62% for the service sector.

### General data of Russia

Russia, officially Also Known as the Russian Federation, is a sovereign state in northern Eurasia. At 17,075,200 kilometers square (6,592,800 sq mi), Russia is the largest country in the world, covering more than one-eighth of the Earth's inhabited land area, and the ninth most populous, with over 146.6 million people at the end of March 2016.

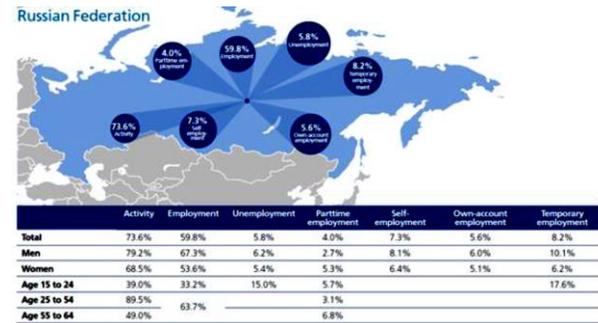
Extending across the entirety of northern Asia and much of Eastern Europe, Russia spans eleven time zones and Incorporates a wide range of environments and landforms.

From northwest to southeast, Russia shares land borders With Norway, Finland, Estonia, Latvia, Lithuania and Poland (both With Kaliningrad Oblast), Belarus, Ukraine, Georgia, Azerbaijan, Kazakhstan, China, Mongolia, and North Korea. It shares maritime borders With Japan by the Sea of Okhotsk and the US state of Alaska across the Bering Strait.

The Russian economy ranks as the twelfth largest by rated GDP and sixth largest by purchasing power parity in 2015. Russia's extensive mineral and energy resources, the largest reserves in the world such, have made it one of the largest Producers of oil and natural gas globally. The country is one of the five Recognised nuclear weapons states and possesses the largest stockpile of weapons of mass destruction. Russia was the world's second biggest exporter of major arms in 2010-14, According to SIPRI data. Russia is a great power and a permanent member of the United Nations Security Council, a member of the G20, the Council of Europe, the Asia-Pacific Economic Cooperation (APEC), the Shanghai Cooperation Organization (SCO), the Organization for Security and Cooperation in Europe (OSCE), and the World Trade Organization (WTO), as well as being the leading member of the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO) and one of the five members of the Eurasian Economic Union (EEU), Along With Armenia, Belarus, Kazakhstan, and Kyrgyzstan.

**Occupancy rate**

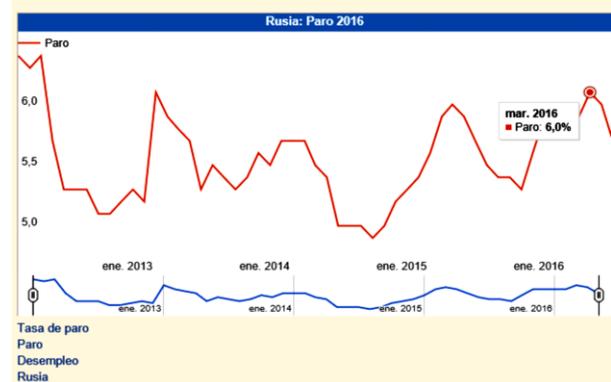
The occupation in Russia is 59.8% 7.3% being self-employees who generate their income performing their activities on their own, less than Mexico which represents 18%. It is shown in figure 3.



**Figure 3** Occupancy Rate. *Source: Global Report 2016 Randstad Workmonitor*

**Unemployment in Russia**

In relation to unemployment in Russia this is presented in a 6% figures. 2016 higher by 1.6% against Mexico.



**Figure 4** Unemployment in Russia. *Source: <http://www.datosmacro.com/paro/rusia> July 2016*

**Main economic activities**

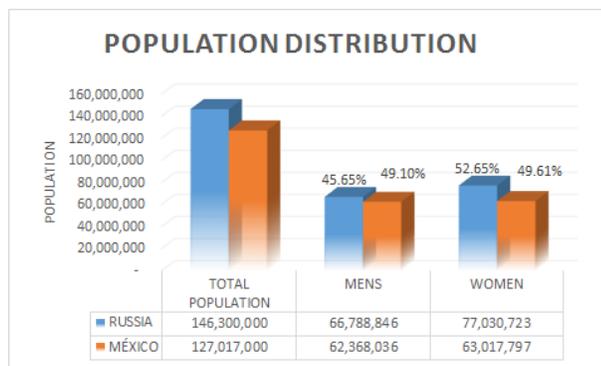
The behavior of the occupation in Russia on economic sectors is quite similar to Mexico since according Rosstat data and as shown in Table 2 9.4% belong to primary sector, 27.6% to sector secondary and tertiary 63%. Very similar to Mexico in terms of secondary and tertiary sector and in the primary sector in Mexico there an intervention of 13% representing 3.6% higher than what is presented in Russia:

%		
Agriculture, hunting and forestry	9.2	9.4
Fishing	0.2	
Mining and quarrying	1.6	27.6
Manufacturing	14.6	
Electricity, gas and water supply	2.9	
Construction	8.5	
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	18.4	63
Hotels and restaurants	1.9	
Transport and communications	8	
Financial intermediation	2.1	
Real estate, renting and business activities	8.7	
Public administration and defence, compulsory social security	5.5	
Education	8.1	
Health and social work	6.6	
Other community, social and personal service activities	3.7	

**Table 2** Average annual number of employed in the economy by economic activity Russia. *Source: Rosstat (Russian Federal State Statistics Service Federation)*

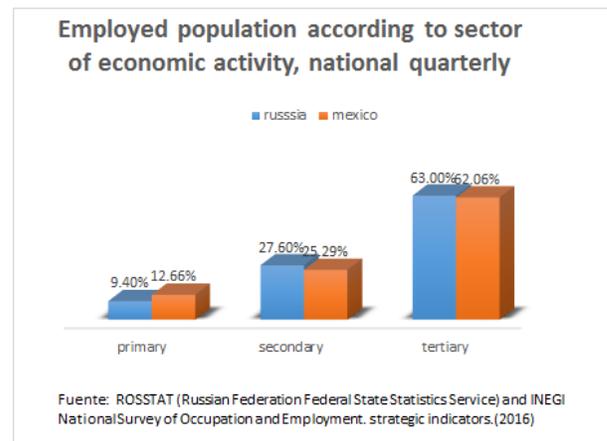
**Similarities and differences**

Employed population according to sector of economic activity, national quarterly



**Figure 5** Population Distribution. *Source: intercensal survey (INEGI, 2015) and Rosstat (2015)*

The distribution of the population is shown in Russia and Mexico to raise awareness the similarities between two countries.



**Figura 6**

Figure 6 identifies the comparison of the sectors that are handled in Mexico and Russia highlighting the similarity in the distribution of the population in economic activities of both countries.

**Comparative table residents, density, gdp growth**

As can be seen in Table 3 the biggest factors compared difference is the density in Mexico is higher derivative that Russia has a territorial extension to Mexico. However regarding economic figures specifically to GDP and growth rate of both countries similar figures for 2016 are observed.

	United States of Mexico	Russian Federation
Residents	119,530,753	146,020,031
Density	57 hab. X km2	8.3 hab. X km2
GDP(millones de USD)	9. Place 2 317 886 million \$	10. Place 2 054 570 million \$
S/FMI 2015	globally	globally
Growth:	+2.2% (2015)	+3% (2015)

**Table 3** Comparative table residents,density, gdp growth. *Source: Rosstat / INEGI 2016*

## Working conditions

According to the Federal Labor Law in Mexico and the Labor Code Russia working conditions in both countries are similar, only difference is detected in terms of days that works in Russia that is less than what you work in Mexico, also in Mexico an annual bonus that not detected in Russia is required another point of difference is regard to (minimum) annual salary that is lower in Russia by 10% same could be offset because in Russia there no withholding tax.

	México	Russia
Weekly working hours	48	40
Weekly rest day	1	2
Vacation days per year	6	28
Annual bonus	15	0
Minimum annual salary in rubles	88938.17	77050.32
Overtime	100%	100%
Retirement age	65 years	55-60
Tax deductions	Taxes and social security	Free retentions
Maternity leave	84 days	3 years
Unionization	50%	46% FSIR

**Table 4** Working Conditions. *Source: Labor Code of the Russian Federation and Federal Labor Law*

## Business protocol comparison Mexico-Russia cultural

The culture of a country determines the modus operandi of the people who inhabit, in the case of Russia and Mexico there are similarities to doing business, but certain exclusive practices of both countries to be considered for proper purpose are detected.

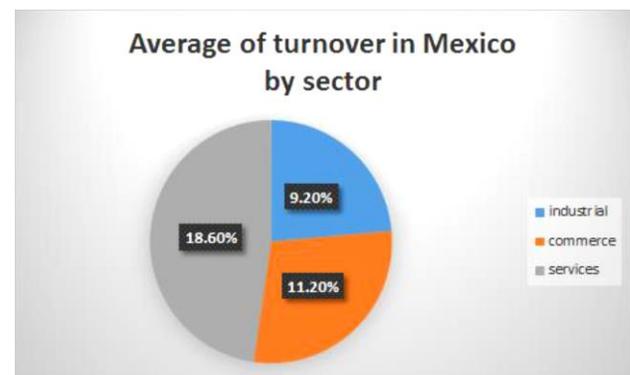
## Improvement proporsal

The organization as an open system, characterized by the continuous flow of human resources needed to develop their operations and generate results (Flores and Rodriguez, 2008).

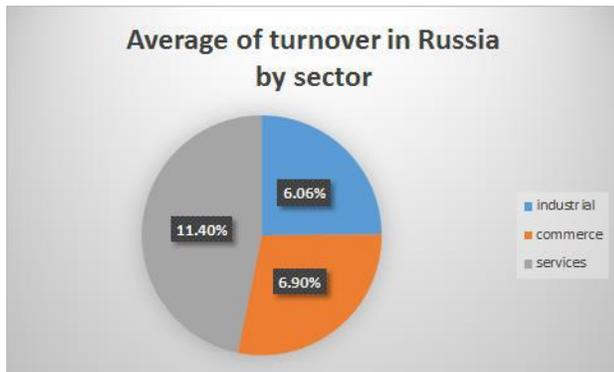
Among the inputs that organization matters and results export, there must be a dynamic equilibrium able to maintain operations transformation process controlled levels (Flores and Rodriguez, 2008).

In general, staff turnover is expressed by a ratio between admissions and withdrawals relative to average number of employees of the organization, in the course of certain period, usually expressed in rotation monthly or annual rates to allow comparisons to develop diagnostics, promote provisions, even with predictive character. Chiavenato (2004).

According to Russian Federation Federal State Statistics Service (Rosstat) and National Institute of Statistic and Geography (INEGI) annual turnover on average in enterprises is 17.8% in Mexico and 11% in Russia. According to published by the statistical systems of both countries (Rosstat and INEGI).



**Figure 7** Average of Turnover in Mexico by industry. *Source: Russian Federation Federal State Statistics Service (Rosstat) and INEGI 2016*



**Figure 8** Average of turnover in Russia by industry. Source: Russian Federation Federal State Statistics Service (Rosstat) and INEGI 2016

Index ideal rotation would be one that allow the organization retain good quality staff, replacing one that presents distortions of difficult performance to be corrected within a feasible and economic program. There not number that defines the ideal rotation rate, but a specific situation for each organization based on their problems and external situation itself the market (Rodriguez 2008).

### Proporsal

Hence it is important propose solutions that can apply these companies to reduce the turnover rate presented, so 8 steps are proposed to reduce the rate of turnover.

#### Induction Program.

Process to start the employee in their integration into the organizational culture for the next four months.

Phases of program design induction objective, content related to the organization, evaluation and follow up desire.

With this induction program adaptation is provided to team and the partner feel joy of working in that organization and to continue working on it.

Making the mission and Vision and Values are known, accepted as own by the workers.

Is important that the mission is known by all employees, when everyone knows in depth the mission and what it represents, can make their own decisions always agree with this.

The Vision is "What we want to become" is the future state we desire for our organization, if there not document "Vision" widely known, what happens is that every employee assimilates and assumes that should focus its work to the state personal future, tend to think of himself, and what he surrounds him, without a global vision.

The values should be according to the ethics of the person and company, this is critical in any organization to see they govern how and why should be so.

### 3. Empowerment

Including the development of situational leadership skills, conflict management, team work and time management. Addition to the characteristics of each of the professional fields of collaborators.

### 4. Assessment of merits.

Performance evaluation is a process by which the overall performance of the employee is estimated based on well-defined policies and procedures to achieve operations more effective, efficient and economical.

### 5. Design career plans.

Authors like Mondy and Noe (1997), Snell and Bohlander (2013), Ariza, Gutierrez and Morales (2004) among others, have tried define the concept of career plan; their definitions have in common the conception of it as a continuous process in which the employee identifies a goal and seeks the means to achieve this career goal must be realistic and consistent with the opportunities in the organization and competences that the individual possesses.

Advantages individual	Benefits organizational
Promotion opportunities, better pay and status.	guarantees the retention of intellectual capital
The employee is required to set goals according to their competence and the opportunities in the organization.	Trained employees and trained to help achieve organizational goals.
Progress in the career plan experience feelings of achievement and motivation.	Personal motivated and committed to the organization.
Ability to be considered when vacancies occur in higher positions than today.	Availability of employees with skills and competencies necessary at the time of a vacancy.
The employee is formed and trained to develop a good role with the support of the organization.	Cost reduction in selection processes.
The employee has the opportunity to make valuable contributions and that the organization consider.	Increased productivity, employee satisfaction = more efficient
Greater chance that the employee retains his position as they are generating added value to the organization.	linkages between the employee and the organization constrict
Help identify goals and find ways to achieve.	Lower staff turnover

**Table 5** Advantages individual and benefits organizational. *Source: Mondy, W and Noe, R. (1997), Rodriguez, J. (2007), Byars and Rue (1987)*

**Wage improvements**

Improved in the area of wage increases may be the proportional increase of salary to each area of the organization based on annual inflation

- Job Evaluation System.
- Market Survey.

- Proportional salary increase.

**Recreational Activities**

A regular sport may involve large and varied benefits for businesses, for example: Improved health and quality of life of workers, reduced absenteeism, improved decision making capacity, improvements in performance and productivity improvements in the relations of human groups, increased worker satisfaction, savings for businesses, supplement workers' compensation and visibility of the company in areas related to Corporate Social Responsibility.

**Motivation using the Technical Gung Ho**

Finally in the proposal for reducing staff turnover, motivation is required to stimulate enthusiasm and performance of staff in the organization.



**Figure 9** Process of technical Gung Ho. *Source: The Ken Blanchard Companies (2014) Gung Ho Poster*

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To accomplish this using the technique Gung Ho which is by imitating natural processes for obtaining quality customer service and quality is proposed of life to which employees can access. Has three pillars of behavior are. Squirrel, Beaver and Goose. Starts with worthwhile work, then maintain control to achieve the goal. Let decide to reach the goal and finally give us encourage one another, congratulate our employees even if they have not reached your goal, congratulation their progress.

### Conclusions

The turnover is a danger for any company either by enormous economic costs and the negative effects generated mobility. Analyzing the current situation of staff turnover in Mexico and Russia in the services sector (17.8% and 11% respectively), was determined that there two types of causes of labor external and internal, within external the most shocking is the situation of supply and demand of human capital and within internal opportunity for professional growth and wage policy.

Throughout this investigation has concluded that the employee, not only is motivated by economic issues. He also is very important have a better quality of life and to achieve new jobs quickly.

Generational differences is another obvious factor, the generation "Y" has a way of thinking and to engage with the different from past generations company.

Before, is necessary that businesses, even those that are under rigid policies, adapt to generational change, to the extent that their values and goals will allow. Of course increasing the percentage of human resource that accepts unfavorable conditions is lower.

Companies must comply the labor market and offer competitive advantages that differentiate from the others. This results in better wages, better benefits, fewer hours worked, better treatment of their bosses and guarantee future stability. It not easy, but if a company want stay, is necessary to adapt to change. The company must seek new sources that guarantee the supply of human resources quality and techniques suitable motivation to retain and to meet their needs minimum.

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