

# An Empirical Study On The Employee Termination Management System In An Organization

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## Abstract

The topic of study is based on "an empirical study on the employee termination management system in an organization". In accordance with this, a background of the study is given which provides an understanding of the topic. Moreover, the literature review section offers an analytical viewpoint; it demonstrates the topic thoroughly. The methodology chosen for this study is related to "secondary thematic analysis" where two vital themes have been developed. These themes have a core connection with the termination policy of the organization; highlighting the need for retention strategies inculcated by the HRM. In addition to intrinsic employee motivation and employee performance appraisal, the structure of the dismissal system can be developed.

**Keywords:** Employee termination management system, employee turnover, retention strategies, employee performance appraisal

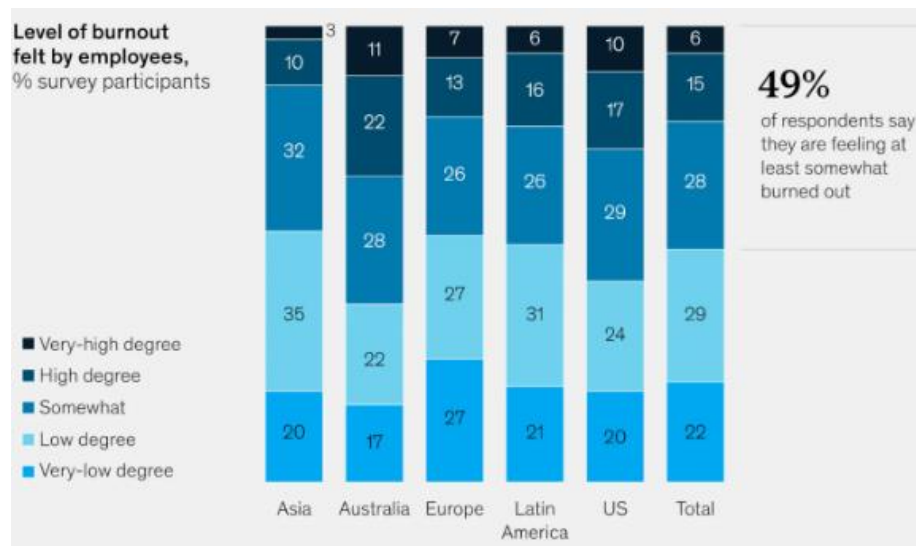
## INTRODUCTION

### Introduction

The corporate world is perceived as an eminent aspect of society since it is the source to provide employment. Considering this context, there is a growing need to develop an enhanced and better-informed framework of the employee termination system adhered to by the organizational management. In this article, primary emphasis is shed upon the concept of the termination structure of employees and its influence on the overall performance of workers as well as the organization. This section particularly discusses the background of the study along with research objectives and research questions.

### Background

Employment is considered the root for individuals to have a financial foundation since it is an interchange of employee services and salary. With this respect, organizations have created their administrative and management structure which is essential for handling various departments of the firm. The context of the employee termination management system is therefore viewed in terms of the company policy; binding workers with the organization for a certain period. According to the views of Kumar, (2022), the present-day scenario of the corporate sector has seen a huge shift in the termination of employees due to the crippling impact of a global pandemic. Under such a grave situation, employee termination has skyrocketed since firms have concentrated on cost control. It is, therefore, extremely vital for the organization to develop an authentic and appropriate model of a termination system.



**Figure 1: Rate of Employee Burnout**

(Source: Bezabh& Kumar, 2020)

Although company policies to sack employees are determined as per the whole structure of the dismissal system, the impact of employee burnout is equally vital. As seen in figure 1, professional burnout among workers has reached a rate of 49% worldwide. According to the opinions of Bezabh& Kumar, (2020), employee burnout results from excessive workplace stress, toxic work culture, poor human resource system, and many more. All these factors hold immense value in reducing the retention percentage of workers along with inadequate models of termination management systems. From the comments of Kumar et al. (2021), the development of the organization is based on the performance of the workforce. Thereby, employees need to draw a sense of satisfaction from their job roles and responsibility and feel complacent with the administration of employee dismissal.

## Research objectives

The following objectives have been developed in association with the topic of study:

- To evaluate the framework of employee termination management system of an organization
- To establish connectivity between the employee termination management system and organizational performance
- To analyze the significance of retention strategies and human resource management as a part of the employee termination management system

## Research questions

RQ1: How to evaluate the framework of the employee termination management system of an organization?

RQ2: In which manner do employee termination management systems and organizational performance connect?

RQ3: What are the impacts of retention strategies and human resource management in developing the employee termination management system?

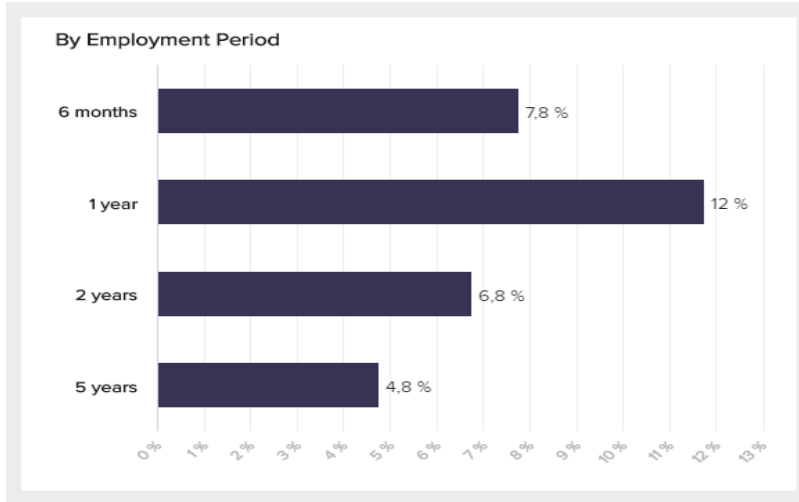
## LITERATURE REVIEW

### Introduction

The literature review segment offers an evaluative and analytical understanding of the study. It is majorly executed by utilizing an array of literature sources like journals, articles, and others. This section, therefore, measures the functioning of the employee termination management system. In addition, it highlights its implication on organizational performance.

### Employee Termination Management System

The aforementioned debate gives a glimpse into the concept of an employee termination management system. This concept has been inculcated within the administrative structure of an organization and it is inherently linked with percent of employee working. As per the statements of Jamali & Sagirani (2021), the human resource management system is equally vital in mapping out the policies and guidelines of the dismissal procedure. The authors have stated that quality testing of HRM systems can help in formulating an adequate system of termination policies.



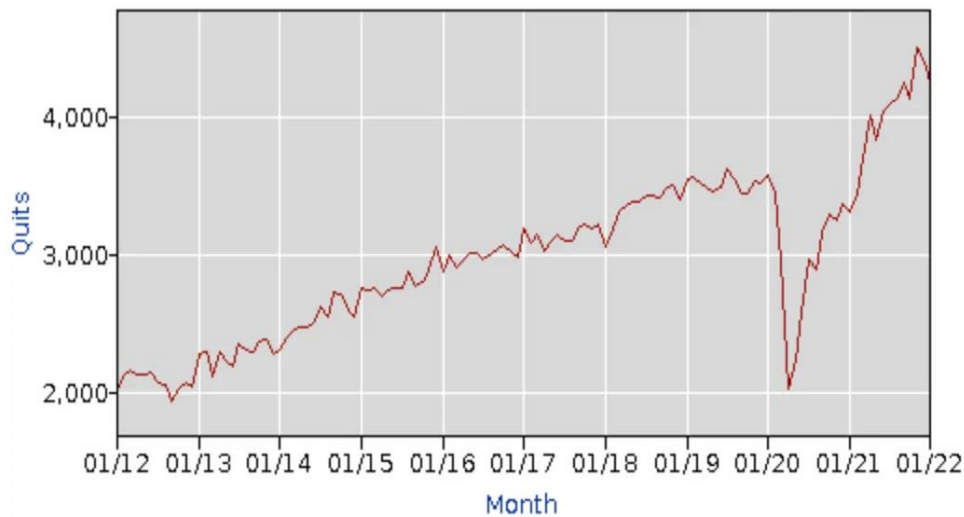
**Figure 2: Dismissal Rate of Employees**

(Source: Elacio, Balazon & Lacatan, 2020)

Figure 2 showcases the dismissal rate of employees based on the wavelength of their employment period. It is ascertained that companies follow a pattern of recognizing employee efficiency which in turn directs firm decisions for terminating them (Elacio, Balazon & Lacatan, 2020). In addition, digital transformation is taking place within the segments of termination procedures considering the growth of the digital age.

### Implications of Employee Termination System influencing Organizational Performance

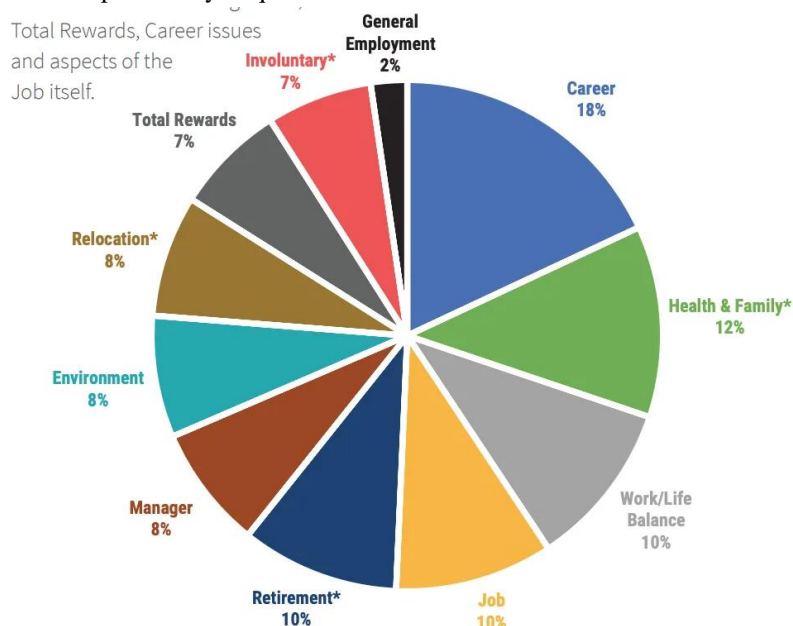
It is an undeniable fact; organizational performance is closely linked with performance of the workers. Thereby, the framework of the termination system can create an altering change in the overall functioning of the organization.



**Figure 3: Number of Employee Resignations in recent years**

(Source: de Jesus, Júnior & Brandão, 2018)

From the above figure it is seen that in a decade from 2012 to 2022, the rate of resignation has witnessed a steep rise. As per the findings of de Jesus, Júnior & Brandão, (2018), in this digitalized world, companies have utilized various digital platforms to predict employee resignation. The authors have commented that LinkedIn is such a platform that highlights the professional aspects of individuals, thereby, keeping a track of it can help employers in identifying workers' probability to quit.



**Figure 4: Reasons for Workers' Resignation**

(Source: Chahar, 2020)

Figure 4 gives a graphical presentation that demonstrates various reasons for workers' resignations. It is noticed that career-related reasons are the most vital section which forms the base for reducing employee retention. As per the views of Chahar (2020), an absence of career opportunities and growth of employees can become the cause behind their resignation. Therefore, adequate strategies are to be developed by the organization to improve the existing scale of employee retention.

## Theory

### Human Relations Theory

With respect to the management of employee-related concerns and grievances, the human resource department is the essence of the industrial and corporate sectors. The establishment of human relations theory has gained prominence ever since organizations came into existence. As per the opinions of Nicotera (2019), the human relations theory has its foundation in addressing the views of the workers as well as incorporating constructive feedback into their corporate policies. Therefore, the integration of employee viewpoints and feedback can help in creating a defining change in the structure of the company policy. Since the employee termination management system is crucial for retaining employees for a more extended period, administering human relations theory can elevate the existing policy and create a better working environment.

## METHODOLOGY

The methodology section holds immense value for any research purpose since it helps in giving a detailed and accurate understanding of the study. In order to attain authentic data analysis, methodology comes to the forefront. In this article, the secondary thematic analysis method has been implemented to evaluate the topic of study. The secondary

thematic method is a part of secondary qualitative which makes use of secondary sources. Secondary sources are referred to as literature sources like articles, peer-reviewed journals, case studies, and many more. All these data sources are required for conducting a secondary thematic analysis where significant themes are created based on a selection of the most relevant articles (Sherif, 2018). In this study, four pre-existing articles have been chosen, and based on that two major themes have been constructed that highlights the core understanding of the topic. Thus, keeping in view the study; "an empirical study on the employee termination management system in an organization", the themes are developed.

## RESULT

### Quality review

Authors	Study design	Number of resources	Measured outcomes	Result	Quality review
Siddiqui, (2018)	Primary Quantitative method	22	The critical factor in this study is associated with retention strategies which are viewed as important for higher employee turnover	The results showcase that retention strategies consist of vital significance in enhancing the structure of employee turnover in organizations	High
Tahiri, Kovaci&Krasniqi, (2021)	Primary Quantitative method	17	This research paper has shed light on the core fundamentals of the corporate sector, that is human resource management.	From the results, it is seen that human resource management has critical value in altering employee performance management that reduce termination rates	Moderate
Fashoto, Amaonwu & Afolunsho, (2018)	Systematic review	15	The research study has adopted the AHP model for enquiring about the employee performance appraisal framework	It is noticed that the employee performance appraisal framework is based on the employee termination policies	Mode rate

Jeon, Son & Han, (2020)	Primary Quantitative	21	Through this paper, the role of intrinsic motivation in the workforce is deemed vital	Results have highlighted the need for intrinsic employee motivation which improves the turnover and retention of workers	High
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**Table 1: Quality review**

(Source: By learner)

### Thematic coding

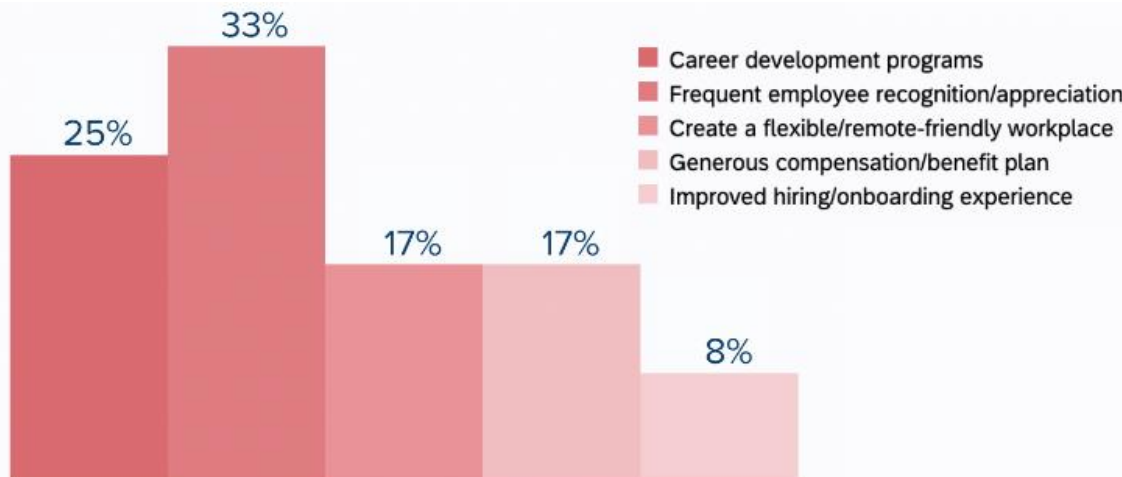
Author	Code	Themes
Siddiqui, (2018) Tahiri, Kovaci & Krasniqi, (2021)	Retention strategies, employee turnover rate, organizational performance	There is an active correlation between retention strategies and employee turnover increasing organizational performance
Fashoto, Amaonwu & Afolunsho, (2018) Jeon, Son & Han, (2020)	Employee performance appraisal, intrinsic employee motivation, retention of workers, termination policies	Appropriate termination policies are crucial to determine significant employee performance appraisal

**Table 2: Thematic coding**

(Source: By learner)

### Theme 1: There is an active correlation between retention strategies and employee turnover increasing organizational performance

Since this study has been focused on the structural procedures of the termination system, therefore, it is observed that retention strategies have a direct impact on increasing the rate of employee turnover. In addition to employee turnover, organizational performance witnesses significant growth. As per the notions of Siddiqui, (2018), retention of workers is necessary to elevate the position of the firm in the business space. It is ascertained that the higher the percentage of retention greater the firm reputation in the marketplace. This is because a consistent retention rate denotes employee satisfaction and increases efficiency.



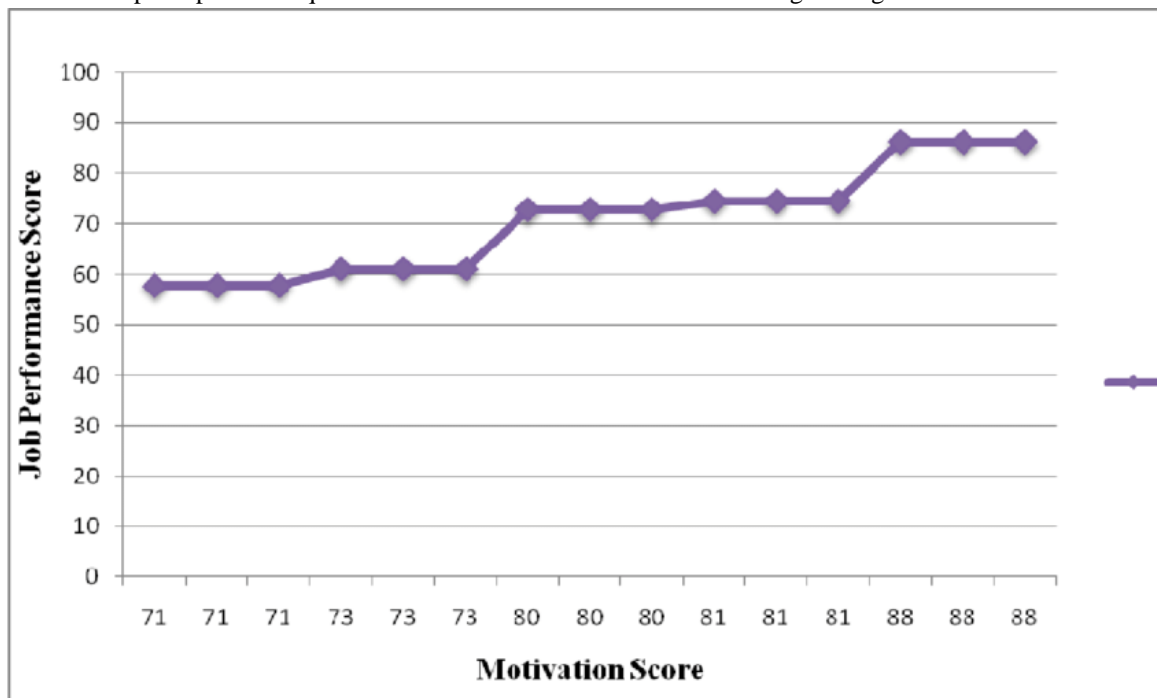
**Figure 5: Several Retention Strategies to increase Employee Turnover**

(Source: Tahiri, Kovaci & Krasniqi, 2021)

It is observed from figure 5 that there are a number of retention strategies that can help in enhancing the employee turnover rate. As per the statements of Tahiri, Kovaci & Krasniqi, (2021), development programs which are associated with bettering employee career is a significant strategy adopted by firms. On the same hand, reward and recognition systems are accountable to provide job satisfaction and thus, induce better efficiency and productivity.

**Theme 2: Appropriate termination policies are crucial to determine significant employee performance appraisal**

Termination policies are included in every sector of the corporate world. In compliance with this, it is vital for firms to ideate these policies with a thorough understanding of company culture and its management principles. As per the opinions of Fashoto, Amaonwu & Afolunsho, (2018), to determine the growth of employee efficiency, appropriate termination principles are required. This in turn is beneficial in undermining the negative effect of retention of workers.



**Figure 6: Correlation between Job Performance and Workers' Motivation**

(Source: Jeon, Son & Han, 2020)

Figure 6 highlights an exclusive correlation between job performance and workers' motivation. Based on this context, intrinsic employee motivation can be utilized as the driving force to channelize worker productivity. As per Jeon, Son & Han, (2020), employee performance appraisal is crucial to dictate the development of a worker's professional career. Hence, all these factors have the maximum impact on lowering the rate of employee termination.

## Discussion

It is seen that the application of retention strategy and employee performance appraisal can be viewed as an important segment of the termination system. This in turn can create a positive impact on employees and improve their productivity. With increased employee productivity, organizational performance also increases.

## CONCLUSION

In order to bring a positive change in the workplace environment which ensures employee protection and safeguards their career, the dismissal structure of firms needs to be adequate. The HRM department is significant in addressing employee concerns, therefore, feedback collected from workers can be integrated into policy formation. Employee retention has major importance in increasing the firm value and a higher percentage of retention is inherently responsible for inducing efficiency. Concerning the growth of retention, it is observed that human resource management is accountable to inculcate retention techniques like providing career opportunities, creating a reward and recognition system, perceived perks and benefits, and several others.

## Limitations

Though secondary qualitative methods are beneficial to perform a detailed analysis of the study, however, it consists certain drawbacks. The foremost significant limitation of the secondary qualitative method is majorly associated with providing information based on literature articles. Therefore, a lack of statistical and numerical tools creates a barrier to accurate data analysis in secondary qualitative. Moreover, scholarly articles digress which causes the study to lose its focus. Also, it is a time-consuming method, considering its structure of analyzing the data.

## FUTURE SCOPE

The primary focus of the study is on evaluating the employee termination principles constructed by the management system of an organization. In accordance with this, it is observed that firms need to change their company policy to the need of the hour. Since the corporate world thrives on the services and effort offered by employees, thereby, dismissal principles must be developed in accordance with employee benefits.

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