

ANALYTICS OF EMPLOYEE WITHDRAWAL BEHAVIOR AND TURNOVER: STARBUCKS

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ABSTRACT

Employee withdrawal behaviour is an important topic for all businesses because every business faces this challenge and can improve upon it. It has serious consequences on productivity, effectiveness and efficiency of company operations. It is an intricate topic that is intertwined with various concepts under the field of organizational behaviour. There is no single variable or indicator that directly leads employees to engage in withdrawal behaviour. However, an accumulation of indirect variables increases the chances of withdrawal behaviour and if left unmanaged, lead to employee turnover. Thus, the purpose of our paper is to explore, showcase and discuss the different indications of employee turnover and its relation to other organizational behaviour concepts. We also provide recommendations on some cases. We limit our study to the company we chose, which is Starbucks. Throughout the text, we may substitute the concept of employee turnover with employee retention, although those two concepts are not exact opposites of each other. The reason for this is limitation of the data we found. It is our hope that this paper will shed light on this topic and become a base upon which further study is conducted.

Keywords: Employee Retention, Employee Engagement, Employee Satisfaction, Work Morale, Burnout.

INTRODUCTION

Turnover is one of the main challenges faced by most companies worldwide. Employee turnover is determined by measuring how frequently employees quit their job and is reported weekly, monthly and annually. In other words, these reports Count how many employees left their job and what the main reasons behind these behaviours are. Based on the results of these reports, managers plan how to minimize the turnover percentage. On one hand, if the number of employees who have quitted has increased, this will expose the companies to serious negative consequences, such as financial crises, a decrease in income, unpleasant work environment and poor reputation. On the other hand, successful companies who provide a positive and supportive environment for their employees will increase their employees' productivity achieve high revenues and enhance the company's reputation.

Starbucks cafe is the most popular coffee shop in the world. It has more than 21,500 stores in 64 countries and territories. In addition, the employees' number increases annually. The employee number in 2015 was 254,000 and was raised to 349,000 in 2020 worldwide.

The rate of Starbucks' employee turnover is the lowest compared to the other restaurants, industries and cafes. Starbucks creates new strategies to enhance the work environment for their employees and make it a positive and healthy one (Bigony et al., 2018). The increase of the employees' number is one factor that indicates that. They are using successful strategies to minimize the percentage of employees who engage in turnover. Starbucks prioritizes their employees' satisfaction and aspires them to be maximizing their productivity. Starbucks managers are constantly conducting surveys between company departments to maintain the quality of the employee work environment and overcome all the negative circumstances that might be exposed to the employees. In this report, theoretical and analytical evaluations are carried out to illustrate consequences regarding the employee turnover and possible ways to overcome these phenomena.

THEORETICAL PART

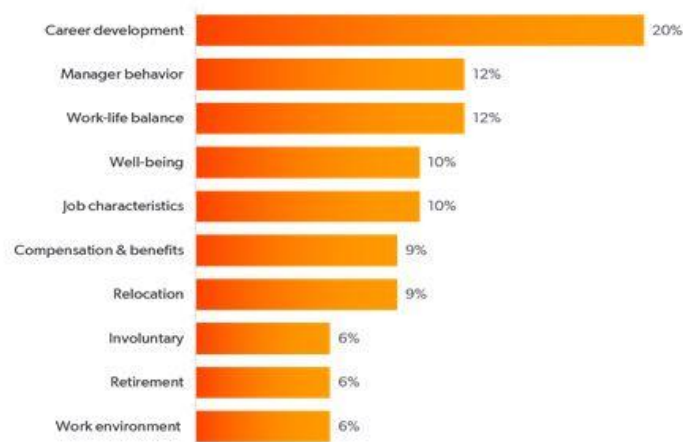


FIGURE 1
STATISTICAL INFORMATION SHOWING THE PERCENTAGE OF THE MAIN REASONS THAT LEADS FOR THE EMPLOYEES TO TURNOVER AGAINST THEIR COMPANIES

Employee withdrawal behaviour is a negative behaviour that occurs when the employees take actions to disengage or separate themselves from their company. Also, employee withdrawal can mean that the employee is not seeking any social interaction or contact with others in the organization. Employee withdrawal includes, but is not limited to absenteeism, lateness, refusal to participate in certain tasks and employee turnover. In specific, employee turnover means the action where the employee is quitting his /her current job. It is important to measure and know the turnover rate, which is by dividing the number of employees who quit the job by the average number of employees in a certain time multiplied by 100. The manager should be proactive by studying the reasons that lead the employee to leave the organization and mitigate, eliminate, or fix the causes problems as and before they even occur. According to many work institutes there are many reasons that lead the employee to turnover and some of these reasons are Figure 1.

1. **Employee retention:** an organization's capability of preventing employee turnover, or the number of employees who leave their jobs voluntarily or involuntarily at a given period (Holliday, 2021).
2. **Employee engagement:** the level of dedication a worker feels toward their job and organization (Smith, 2020).
3. **Employee satisfaction:** level of contentment an employee feels towards their job at an organization (Roy, 2021).
4. **Work (or employee) morale:** the overall attitude and outlook an employee has during their association with an organization, including their relations with other employees and managers (QuestionPro, n.d.).

5. **Burnout:** the exhaustion of an employee's physical, mental or emotional strength (Lab Manager, 2009).
6. **Career development:** the lack of ability to climb the ladder in the job and earn a promotion may lead to employee turnover.
7. **Manager behaviour:** If employees believe that the manager is unfair or doesn't communicate well with them, they are likely to engage in employee withdrawal behaviour and even quit their jobs.
8. **Work-life balance:** this is when the employee is capable to balance their life activities; relationships, physical health and his career. A lack of work-life balance increases the chance of employee withdrawal behaviour, including turnover.
9. **Job characteristics:** Sometimes the work itself affects the employee. For example, the employee can reach a level where he/she won't like to operate in a job that does not challenge or interest them anymore.
10. **Compensations and benefits:** employees tend to quit their jobs if their companies do not provide good benefits for them.
11. **Work environment:** unmotivated environments with low work morale have an impact on the employees' psychological needs and thus their productivity.
12. **Competitive offer:** turnover can be because other companies offer better jobs with intrinsic benefits for the employee.
13. **Lack of recognition:** if the employee is working hard but he/she is not appreciated or receives noticeable recognition the employees tend to leave.

It is important to know the reasons and fix the problem that lead to turnover because this behaviour harms the company in many ways such as:

- Decreasing the company's profits.
- Decreasing the overall productivity of the company and its operations.
- Consuming the company's resources, such as time and money, to fill vacant positions.
- Increasing the hiring cost.
- Discouraging other employees to continue to work.
- Decreasing work morale.

Managers can seek to solve the problems related to turnover to avoid it. First, the managers should identify the turnover rate and then try to solve the problem by developing an effective work environment so productivity and communication among employees increase. And that will build a bond between the employee and the organization which increases employee loyalty. Second, the HR department should recruit the right person for the right job; if the employee loves their job, they will be creative and attached to it. The manager should listen to employees' feedback consistently and provide suitable incentives and benefits. This will show that the manager recognizes their employees' efforts. If possible, rewards can be given. Managers should be flexible with employees so that trust can be built between the employees and management. Prioritizing employees' satisfaction, reviewing their performance regularly and clarify the company's vision for the employees aids in building the employees' sense of belonging to the company and ensures the employees' recognition of how their contribution is crucial to achieving the company's goal.

For our chosen company Starbucks, which belongs to retail coffee and snacks store industry is our company of study. It is important to note that quick-serve restaurants and coffee shops have a high turnover rate which is 150-400 percent because many employees consider waiter as a temporary job that they do as a student in the summer or do this job until they find a permanent job. Also, many employees believe restaurants don't provide benefits and pay employees the same amount; also the employees suffer from the limits time-off their job offer for them, many teenagers to work for a restaurant as they don't have skills to interact and provide good services. We will explore Starbucks in the next section in more detail.

ANALYTICAL PART

Analysis Based on Comparably Data

According to comparably, which a company that reveals company cultures and displays accurate representation of brands. Starbucks is considered one of the best companies

out of 664 that are similar size, in employee retention. It ranks in the top 20% of those 664 companies. From the aspect of its competitors, Starbucks ranks second place. Those competitors include five companies: Costa Coffee, Dunkin' Donuts, McDonald's, Subway and Whitbread.

In terms of employee retention, Starbucks employees in the Customer Success and Finance departments are expected to remain at the company, while employees in the Design and IT departments are most likely to leave their jobs and increase employee turnover rate. Because of this, Starbucks can improve on factors that contribute to employee turnover. Comparably has also done a survey on Starbucks' employee retention that could help us narrow down some factors that contribute to employee turnover. According to the data, Starbucks' retention score is rated B+.

The survey was conducted on 1008 employees. The employees' identities have been concealed; so, we could only discuss the survey and the results pertaining to the Starbucks brand generally. It consists of 15 questions, 11 of which are yes-or-no questions. The remainder four are multiple choice questions. The multiple-choice criteria would be specified below.

The questions targeted different topics. We deduced that the questions fell under four topics: pay, co-worker relations, employee engagement and satisfaction and perception of management.

A. Questions based on pay:

1. "Do you believe you're paid fairly?"

This is a yes-or-no question. Approximately most participants answered "yes". The ratio out of 1008 employees shows that 63% selected "yes", while the remainder 37% selected "no".

2. "Would you leave your current job for a 20% raise at a different company?"

This is a yes-or-no question. Approximately most participants answered "yes". The ratio out of 1008 employees shows that 62% selected "yes", while the remainder 38% selected "no". This shows that Starbucks employees believe they could be paid better.

3. "Would you turn down a job offer today, for slightly more money?"

This is a yes-or-no question. Most participants answered "no". The ratio out of 1008 employees shows that 60% selected "no", while the remainder 40% selected "yes". The result shows that Starbucks employees believe they could be paid better, which is congruent with the result of the previous question.

The results for the questions related to pay show that although Starbucks employees consider they're paid fairly, they believe they could be paid better in another company. Thus, pay might not be a factor that is related to employee retention. In fact, pay might be a reason for employee turnover, as indicated by the results.

B. Questions based on co-worker relations:

4. "Do you look forward to interacting with your co-workers?"

This is a yes-or-no question. Most participants answered "yes". The ratio out of 1008 employees shows that 88% selected "yes", while the remainder 12% selected "no". This shows a positive work environment in terms of co-worker relations.

5. "Do you have a close friend at work?"

This is a yes-or-no question. More participants answered "yes". The ratio out of 1008 employees shows that 56% selected "yes", while the remainder 44% selected "no".

Note: We believe this question is relative to what one would consider a "close friend"; thus, the result is not an indicator of the overall work environment in terms of co-worker relations and how it relates to employee turnover.

6. "How would you rate the quality of your co-workers?"

The cumulative score is 80%. This shows that employees think highly of each other in terms of their co-workers' quality and their contribution to the brand.

7. "How often do you socialize with team members outside of work?"

This is a multiple-choice question, with 5 choices to choose from:

- a. 18% selected *"Multiple times a week"*
- b. 18% selected *"Once a week"*
- c. 20% selected *"Once a month"*
- d. 14% selected *"Once a quarter"*
- e. 30% selected *"Never"*

The results shows that work morale can be improved by encouraging socialization between employees.

The results for the questions related to co-worker relations show indications of positive relations between employees that could be improved upon. From our deductions, we believe encouraging socialization between employees would strengthen their work morale, which in turn contributes to decreasing turnover (Zarback, 2017).

C. Questions based on employee engagement and satisfaction:

- 8. *"Are you typically excited about going to work each day?"*

This is a yes-or-no question. Approximately most participants answered *"yes"*. The ratio out of 1008 employees shows that 68% selected *"yes"*, while the remainder 32% selected *"no"*. Job satisfaction has a positive relationship with employee engagement.

- 9. *"Are you challenged at work?"*

This is a yes-or-no question. Most participants answered *"yes"*. The ratio out of 1008 employees shows that 77% selected *"yes"*, while the remainder 23% selected *"no"*. Challenging work contributes to employee engagement (Juneja, 2015).

- 10. *"Are you proud to be a part of your company?"*

This is a yes-or-no question. Most participants answered *"yes"*. The ratio out of 1008 employees shows that 74% selected *"yes"*, while the remainder 26% selected *"no"*. This shows high indications of employee engagement.

- 11. *"Do you feel burnt out at work?"*

This is a yes-or-no question. This is almost a tie. The ratio out of 1008 employees shows that 48% selected *"yes"*, while the remainder 52% selected *"no"*.

According to Seppala & Moeller (2018), employee engagement and burnout seem to have a positive relationship; the higher the employee engagement levels, the more likely he or she will experience burnout. Thus, the result show employee engagement can be improved and burnout could be mitigated.

- 12. *"How secure do you feel your job is at your company?"*

This is a multiple-choice question, with 5 choices to choose from:

- a. 33% selected *"Very Secure"*
- b. 34% selected *"Secure Enough"*
- c. 19% selected *"Neutral"*
- d. 5% selected *"Insecure"*
- e. 9% selected *"Very Insecure"*

The results show the majority feel secure in their job. Job security has a positive relationship with employee engagement (Everitt & Heathcock, 2013).

The results for the questions related to employee engagement and satisfaction show indications that Starbucks employees display signs of employee engagement. However, that could be improved upon. Employee engagement and employee satisfaction both have an inverse relationship with employee turnover (Vasilakeris, 2021).

D. Questions based on perception of management:

- 13. *"How often do you get valuable feedback on how to improve at work?"*

This is a multiple-choice question, with 5 choices to choose from:

- a. 35% selected *"Every week"*
- b. 21% selected *"Once a month"*
- c. 21% selected *"Once a quarter"*
- d. 8% selected *"Once a year"*
- e. 15% selected *"Never"*

The results are mixed in terms of performance feedback.

14. “Do you approve of the job your executive team is doing at your company?”

This is a yes-or-no question. Majority of the participants answered “yes”. The ratio out of 1008 employees shows that 66% selected “yes”, while the remainder 34% selected “no”. This shows indication of dissatisfaction.

15. “Do Your Company Leaders Do What They Should to Retain You as an Employee?”

This is a yes-or-no question. Most participants answered “yes”. The ratio out of 1008 employees shows that 61% selected “yes”, while the remainder 39% selected “no”. The result shows indications of dissatisfaction, which is congruent with the result of the previous question.

The results for the questions related to perception of management shows indications of dissatisfaction and need for delivering performance feedback. The dangers of dissatisfaction and lack of performance feedback is that it creates a disengaged employee, which could lead to decreased performance and morale. Additionally, they increase turnover.

CRITICAL CLAIMS ON STARBUCKS

The CEO of Starbucks Corporation (NASDAQ: SBUX) mentioned in one of the reports that many employees at his firm were mistreated. Former employees believe the corporation is trying to replace senior supervisors with younger, lower-paid workers, according to a Huff Post investigation. One of Starbucks’ managers who worked hard spent a recent 13-hour shift at Starbucks, in agony. This manager was getting paid less than they deserve and later resigned.

In general, Starbucks is a company that considers employees as its partners and provides them with special benefits such as compensation, insurance, creating a good work environment and maintaining employee's engagement. Employee satisfaction is high and turnover is low. However, just as the above example shows, there is always room for improvement in this topic as more ways can be cultivated to mitigate, solve and even prevent this issue.

CONCLUSION

Employee turnover is a concern for managers as it is costly and can affect the company negatively on several aspects. These aspects include decreased productivity and low-income rate. Successful companies always try to provide a supportive environment for their employees to feel happy and satisfied. These companies will increase their production and revenues. Starbucks is a good example because it creates huge opportunities for their employees to make them satisfied by providing them a healthy environment.

RECOMMENDATION

There are enormous recommendations for companies who could not enhance their work environment and could not minimize the percentage of the employee turnover as the following:

1. Hire the right people who are highly qualified for the job.
2. Offer promotions and increase the salaries for deserving employees as encouragement for their work.
3. Pay attention to employee’s opinions and desires.
4. Monitor employees who decrease work morale and affect other employees; it’s easier to deal with one
5. Employee that engages in withdrawal behaviour than two.
6. Offer rewards for employees who work hard.
7. Provide several courses and training on how to work with high stress and how to deal with difficult
8. Circumstances.
9. Provide medical insurances for the employees and their families.

Although these recommendations are helpful and applicable to almost all organizations that aspire to minimize employee withdrawal behaviour and decrease the turnover rate, they are not a final solution to this phenomenon. Thus, companies should be proactive in understanding the causes of such behaviours for their case and be creative in finding solutions.

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Received: 30-Jun-2023, Manuscript No. jiacs-23-13173; **Editor assigned:** 01-Feb-2023, PreQC No. jiacs-23-13173(PQ); **Reviewed:** 15-Feb-2023, QC No. jiacs-23-13173; **Revised:** 25-Apr-2023, Manuscript No. jiacs-23-13173(R); **Published:** 02-May-2023