The Negative Effect and Consequences of Employee Turnover on the Saudi Oil and Gas Companies

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The oil and gas sector in Middle East is facing many challenges regarding employee turnover especially in (DLPS) company. Employee turnover leads to reduce the employee's performance and productivity. Moreover, employee turnover also affects the organizational performance in general. High rates of employees' turnover cause many challenges to the organizations. Employee turnover has escalated to 14.2% in 2018 (DPLS, 2018). Likewise, many companies keep long service and loyal) employees intact while there are also other types of employees who leave their organization. The main idea behind choosing this topic is to address the reasons that cause the high rate of employees' turnover and how to solve the issue. Moreover, the researcher aimed to investigate in depth the concept of how reward system and training could improve employee retention. To make this action researcher done, the researcher gathered data in questionnaire form (30 questionnaires) from previous and existed employees at DLPS Company and made five (5) interviews with departments managers to get valid data to build the study on. The results showed that, most of the targeted sample were not satisfied about their wages and the working time. In addition, due to the analysis of the quantitative and qualitative data, there is positive relationship between the hypotheses and the high rate of employees' turnover.

Keywords: employee turnover, employee retention, reward system, training program, wages, working time and environment

INTRODUCTION

Employee turnover is the number of workers ratio that been replaced within a period of time to the average number of employees (Agnes-1999). In short, turnover is the group of actions that makes the employees leave the work and be replaced. Which is a behaviour describe that process (Currivan-1999). However, employee turnover is a harmful process to the organisation in a large quantity and it should be kept to the minimum. Employees' turnover has increased in Gas and oil refineries within the last few years. Therefore, companies invest in its employees' training, induction, maintaining, developing and retaining them in the company. However, top management should minimize employees' turnover at all costs. Moreover, there is no specific process to understand the methodology of employee turnover. However, there are many factors have been found in interpreting employees' turnover. As such, it is more important to understand the reasons behind the employees' turnover and make strategies to avoid it in the future. Hence, each department should have its own strategies to avoid this process. Employees' turnover has a negative impact on the company output and the employees and company's performance (Currivan-1999). Moreover,

it has more negative impact on the production and profits because the company will hire new staff and they have to train them again from the beginning.

Background of Study

Diversified Lines for Petroleum Services (DLPS) Company is a certified company with ISO 9001 in 2008. DLPS is an oil and gas provider besides providing reliable, assured and responsive to the region's Gas and oil, Process, Petrochemical and power industries. The company handles the sales and marketing of several products around the world. According to the company, this is achieved by a highly motivated team with a lot of experience and technical background. (DLPS-2018). The company's products include Valves, Launcher Traps, Demister Pad, Gas Metering Skids, Steel Pipe, Corrosion Monitoring Equipment, Ambulances, Fire Fighting Vehicles, Aerial Platforms and many more. (DLPS-2018). In addition, DPLS has over 1200 employees in two (2) branches in KSA and Bahrain. Most of the employees are foreigners by 80%.

Problem Statement

The oil and gas sector in the Middle East faces many challenges regarding employee turnover especially in (DLPS) company. Employee turnover leads to reduce the employee's performance and productivity. Moreover, employee turnover also affects the organizational performance in general. High rates of employees' turnover cause many challenges to the organizations. Employee turnover has escalated to 14.2% in 2018 (DPLS, 2018). Likewise, many companies keep long service and loyal) employees intact while other types of employees leave their organization. High employees' turnover affects the organization's revenue, profitability and performance. Sometimes, the employee turnover caused by the shortage in productivity resources and the bad communication between the top management and the employees. Employees' turnover cause continuing issues over the past six (6) years. Hence, action research was conducted to investigate the factors contributing employee's turnover rates in DPLS. This research will investigate the reasons for high employee turnover rate and suggest various intervention to retain employees. Huge number of employees has left DLPS Company in Saudi Arabia. Moreover, the internal report from the human resource department showed that employee turnover rate escalated from 2013-2018. Moreover, 40% of the employee turnover were caused by welding departments. According to Figure 1 the employee turnover rate increased over the past 6 years. Employee turnover rate was 3.1% around 37 employees in 2013 with 15 employees from the welding department and the rest from other departments. Meanwhile, the employee turnover rate increased to 5.6% (67 employees) in 2014. In this year, the issues started and employees started to leave their jobs. This issue made the company spend a lot of money to hire new employees and train them again. Moreover, the employee turnover rate increased to 17% in 2015. Employees' turnover rate gradually increased over the years until it reached 14.2 in 2018. According to DPLS management, employees are not performing well and they are not really motivated to word hard for the company.

FIGURE 1
DLPS EMPLOYEES' TURNOVER (NUMBER OF EMPLOYEES)
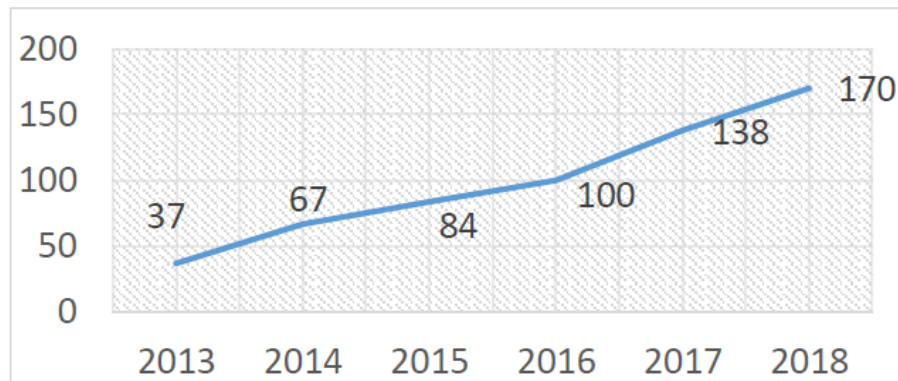
LITERATURE REVIEW

Literature Review on Employees Turnover

(Ongori, 2007) examined the sources of employee turnover and its effects on the organizations in Botswana. The researcher found that the employees could survive if they were treated as one of the company's assets that need a lot of attention. Moreover, there is no correct approach to be used to prevent employee turnover; but the managers should examine the sources of employee turnover and recommend the best approach that could address the issue. In addition, the researcher suggested that the employees need to feel that they are important to the company to enhance their ability to perform more, and employees should be given challenging work and all managers should be hired on the basis of "know-how" (Ongori, 2007). (Ngirande, 2014) explored the impact of rewards on employee retention and job satisfaction. Where the objectives of the study were to determine the result that could good reward system help in the employee retention. there are many factors have been found that interpret employees' turnover. As such, it is more important to understand the reasons behind the employees turnover and make strategies to avoid it in the future. However, the result shows that reward system leads to employee retention but does not increase job satisfaction. According to Hanneke (2010), HR practices could affect the employees' turnover in a negative way in Europe. And the results were as the following: the results supported the existence of a significant negative impact of HR practices on turnover, moreover, this study emphasizes the important need for the company to deal with HR engagement and practices to lower the turnover rate (Hanneke 2010) (Lucie 2013) aimed to identify the reasons that affect the employees' turnover rate. And suggest some solutions to solve the negative impact of employee turnover and disaffection. This study's result was as follows: motivation principles affect the turnover percentage and make the staff leave the organisation. Managers have the power to motivate employees and enhance their ability to work more and increase their performance and productivity (Lucie- 2013). However, some employees motivated by more money while others motivated by other things. Here the company should work to define what the employees are looking for. (Miao, 2012) examined the factors that increased the rate of employees' turnover at Accenture Company; where the company failed to keep its turnover rates low. The company had many issues such as lack of job training, compensation levels, career advancement and relationship with immediate supervisors. Moreover, the researcher suggested that the company work on foster organisational loyalty's programs and create better environment between workers and supervisors.

Effect of Reward System on Employees' Retention

Employee retention includes various steps must be taken to retain an employee who wishes to move on. The top management must have important strategy in retaining talented staff familiar with the company's working conditions. Motivation plays an important role in employee satisfaction and eventually employee

retention. Motivation and promotion play important part in staff satisfaction and employee retention. According to (Alhmoud, 2019), there is a positive impact on the employees' retention if the company uses smart rewarding system. The study examined the impact of total rewards such as intrinsic, extrinsic and social rewards on employees' retention at the Islamic Banks in Jordan. The results showed that intrinsic, extrinsic and social rewards are the reasons for achieving employee retention. cash prizes, Incentives and perks are a good system to motivate the staff. The employees who have performed well consistently should be felicitated in front of all the staff members as well as the management (Bhurtel, 2016). Motivation is an important aspect of Human resource Management. Retention of the employees will depend not only on motivation, but also on other factors like: organization culture, employee engagement, empowerment, transparency and mutual trust. Recognition through monetary and non-monetary means will motivate the employees to get further recognition, but will not create sense of belonging or loyalty to the organization (Dattagupta, 2016). Commitment is more important than compliance. compliance may lead to recognition, but commitment will lead to retention. Therefore, Employee retention is the result of integration of motivation and all other factors mentioned above. (Ngirande, 2014) explored the impact of rewards on employee retention and job satisfaction. Where the objectives of the study were to determine the result that could good reward system help in employee retention. However, the result shows that reward system leads to employee retention but does not increase job satisfaction.

H1: There is a significant relationship between Reward system and Employees' retention.

Wages and Employees Retention
Job retention rates usually depend on a number of factors such as salary (Duggan, 2020). According to the Society for Human Resource Management, companies should expect a certain amount of turnover as employees seek increased pay. (Morris, 2013) evaluated the remuneration scheme and its effects on the employees' turnover. The study shows a positive relationship between job satisfaction that is affected by wages and employees' retention. High employees' satisfaction about the amount of money they get will affect the staff turnover over the years (Morris, 2013). On the other hand, there are many other reasons to increase the level of turnover such as tenure in the organization, age, looking for better job and commitment to the organization. (Iqbal, 2017) Employee retention is very critical issue these days. Cost of losing talented, experienced and skilled workers is much higher than the cost of hiring new ones. the study examined the relationship between salary to check their influence on employee retention. Employee retention is critical competitive advantage. Job satisfaction by increasing the salary is the key changing which leads to higher or lower staff retention levels at any company. Besides that, benefits and salary are also strong determinant of staff retention at the company. There is a significant relationship between wages offered by a firm and employee satisfaction for the employees to work for the organizations for longer time duration. High pay and benefits as compared to other firms in the market, attract and retain high quality employees. (Lucie- 2013) identified the reasons that affect the employees' turnover rate. And suggest some solutions to solve the negative impact of employee turnover and disaffection. This study's result was as follows: wages affect the turnover percentage and makes the staff leave the organisation. Managers have the power to motivate employees and enhance their ability to work more and increase their performance and productivity (Lucie- 2013). However, some employees are motivated by more money while others are motivated by other things. Here the company should work to define what the employees are looking for.

H2: There is a positive relationship between wages and employees' retention.

Working Time and Environment and Employees' Retention
(Meirina, 2019) reveals the work environment is the entire tooling materials and equipment, the general environment where the staff work, work arrangements and work methods. Work environment is everything around the staff who can affect themselves in carrying out their assigned duties. Hence, creating and determining a good work environment will determine the success of achieving company goals. Over the past couple of decades, companies had an interest in flexible work arrangements. Where they allowed the

staff to work as they like (shifts) because in this way the staff will feel happy and that will enhance their productivity within the workplace. (Choi, 2019) investigate the relationship between working time and employee retention. Therefore, the result shows that people who can work in selected shifts are more likely not to leave their jobs because they are comfortable with the working condition and working time. Where companies with many working shifts reported lower turnover percentages than companies with normal working time. Hence, the proportions of different occupational categories, full-time employment, and women also turned out to have significant effects on the turnover of employees. According to (Sussanna Shagvaliyeva. 2014), the study evaluated the aspects of working conditions and its effects on the employees' turnover. The study shows a positive relationship between working time and conditions and employees' retention. Perceived working conditions lead to various negative outcomes for employee behaviors, including employees' retention. The results show that inverse working conditions were positively and significantly associated with turnover. According to (BUSHIRI, 2014) firms must step outside their traditional comfort zones and roles to look at new ways of making their staff work. They need to create a work environment where employees enjoy what they do, and feel safe and secure. The study results indicate that, companies' working environment impacted members as far as respondents are concerned.

H2: There is a positive relationship between working time and environment and employees' retention.

Training Program and Employees Retention

According to (Waleed Hassan, 2013), the study was related to employee retention, which depends on job training. The study was made on 100 participants and all agreed that a good training program would affect the employees' retention and make the employees satisfied within the workplace. Moreover, there are many other factors influence the employee retention such as rewards and supervisory support. Another study by (Umer Ahmad, 2013) examined the impact of training practices on employee retention. the study focused on how great is the effects of job training on staff retention, and the results showed that positive relationship exist between training and employee retention and employees' decision to stay for a longer period of time can be influenced by training practice. According to (Jaseel, 2018), companies invest a lot of money in training programs for their employees to change their mentality and behavioural standards and engage their insight. However, the most important thing that the training impact on is the employee's retention, which means the employees will be more satisfied in their jobs and will not leave the company. For retaining employee, training and development could be an important tool and it can be observed that the effect of training on reward of an employee could be very critical for retention. (Atif, 2011) In the development period, as the technology modifies daily, training becomes essential for every business to contribute and remain in the market. Businesses cannot depend on or upon only on old and conservative specialism, but to struggle in the future, they must build up their employee skills and abilities, as it is a century of not only quality as well as productivity. According to (Nasir, 2011), employee retention is a critical aspect for every company regarding competitive advantage because human resources is the most critical asset of today's modern world. The study's main emphasis is on compensation packages after employee training and development practices for retention purposes. We will also see how a relaxed work environment will help retain employees. the result of the study that made on 330 people shows that retaining employees' long term, after their training and development have been completed, without increasing their compensations is not as favorable as when compensation is increased to reflect the completion ability to apply their field-related skills and capabilities.

H2: There is a positive relationship between training program and employees' retention.

RESEARCH METHOD

Research Design

In order to answer the research questions, the researcher used two types of methods to get the best result out of the chosen sample. The researcher has chosen sequential explanatory and sequential exploratory to

conduct the investigation. Moreover, sequential research includes elements of both cross sectional and longitudinal research designs. Hence, this type of designs features participants who are followed over time. Furthermore, the research also used the mix method (Qualitative and Quantitative) approach to further the analysis. **Sequential explanatory:** Collection and analysis of quantitative data followed by a collection and analysis of qualitative data. where the purpose of it is to use qualitative results to assist in explaining and interpreting the findings of a quantitative study (Creswell, 2003). **Sequential exploratory:** An initial qualitative phase of data collection and analysis, followed by a phase of quantitative data collection and analysis, with a final phase of integration or linking of data from the two separate strands of data.

Sample Size and Population

The sample size is selected by the university. However, the researcher distributed 30 questionnaires for quantitative samples to collect the primary data to normal employees within the departments, whether they are still working in the company or have left it. Moreover, for qualitative sample, the researcher made five (5) interviews with departments managers. However, due to their privacy, the researcher did not mention in which department each manager works due to job privacy and ethical aspects. As a population, it is impossible to access into over 1200 employees in the company. Therefore, according to the difficulties that the researcher may face to make a random sampling, the researcher decided to make Non-Probability Sampling Methods such as Convenience sampling. Which based on the willingness and availability to take part. However, the result could be affected by the significant bias because those who volunteer to answers the questions have different thoughts from the others. (Saunders-2012). According to that, the researcher mixed between Convenience sampling and Systematic sampling to get the best result out of the chosen sample such as: Individuals were selected according to Systematic approach where from each ten (10) volunteers the researcher chose one from each two (2) such as the first, third, fifth etc. after this method the researcher got 5 people to make the interview with.

Measurements

For qualitative data, the researcher made five (5) interviews with departments' managers, the interviews were through Skype to prevent from extra costs. However, the interviewer will meet the informants and asks selected questions regarding the main subject. The questions should be specific and aimed at the industry's current issue to get the best result. Moreover, the interviewer will collect the data from the interviewee by cross examining them and he/she should be very tactful and efficient to collect relevant and accurate data. **For quantitative data**, the researcher used many tools and methods to collect and measure the data such as:

Likert Scale Indicators

Jones and Thurstone (1955), states that when setting questions to examine opinions, it is strongly advising that the response scale uses a bipolar schematic as it will enable the respondent's various choices of answers. The determinant of scale must include the respondent's psychological meaning of scale point descriptors. They also stressed out that the number of scales used must represent the researcher's population of interest. (Myers & Warner, 1968).

Scale of Measurement

Section A provides an in view about the respondent's demographic profiles as this would enable us to learn more about their characteristics better. However, for the purpose of this study, we will be using only nominal and ordinal scale. **Nominal scale** is designed to measure an item's value to classify them and not be represented by any quantity. Ordinal scale uses ranking by recognizing the items to be arranged based on the respondents understanding towards the questions.

Reliability and Validity Test

The reliability and validity tests should be determined to examine the quality of the data. The reliability test shows the degree of procedure that gives the same result as the repeated trial. Moreover, quantitative

research and reliability are connected to each other (Bell, 2015). Hence, the measurement of reliability is important because it is an indicator of the consistency and stability of the research and help to produce the effects and the results (Chapter 5: Psychological Measurement).

Correlation Test

These methods were used to produce significance, strength and direction of bivariate relationship between all the variables and shows how the variables are connected to each other and if there is any positive or negative relationship between the research hypotheses. Normality: This technique is used to when the researcher does not have huge sample size. Hence, the researcher used this technique to make sure that all data were distributed normally and well modelled. Moreover, this model is usually being chosen to analyse the data normality by researchers (Kartik Singh. 2018).

Linearity

The technique is a roughly linear one. This is a little bit different from simple linear regression as we have multiple explanatory variables. This model used to measure the response of the variables towards turnover. This time we want the outcome variable to have a roughly linear relationship with each explanatory variable, taking into account the other explanatory variables in the model (Kartik Singh. 2018).

Analytical Procedures

The data analysis method is a process to analyse the collected data and later on to validate the research hypothesis. Among the techniques that will be used to examine the validity and reliability of the instruments include descriptive analysis, reliability test, validity test, descriptive statistic and regression method. "Statistical Package for the Social Sciences" (SPSS) is the best tool to compare and analyze different variables to get valued information that leads to full understanding. However, SPSS used to create and perform charts and tables that transfer the data into readable information to enhance the reader understanding and get the best result. Moreover, SPSS is one of the most preferred tools by different researcher to analyse data in their studies. SPSS will help the researcher to make the study more reliable and scientific. (Stephanie-2018). Microsoft excel is the best tool to make 3D charts and correlation test that describe the relation between variables (Stephanie, 2018). However, the researcher will use excel tools to provide better looking charts that is more readable with percentages to enhance the presentation form.

RESULTS

The result shows that 84% of the workers were not satisfied in the company while 76.7% agreed that wages are the reason to leave their jobs. Moreover, 93% of the targeted sample agreed that working time was also one of the reasons. However, only 16.7% of the workers had issues with the working environment, so according to the, the researcher excludes the working environment from the causes of the issue. At last, 63% of the workers agreed that the company did not make any enhancement to increase the workers performance through training events.

FIGURE 2
OVERALL RESULTS
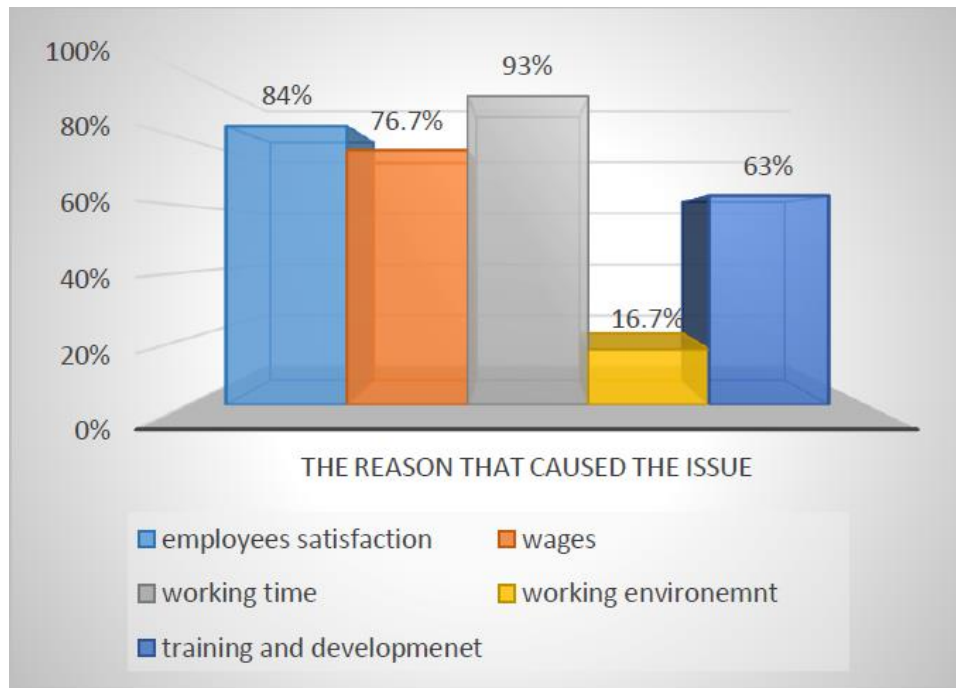
Qualitative Results

According to the interviews analysis: 4 out of 5 interviewees agreed that there was not good communication between workers and the top management and that leads to reduce the productivity. While the main issues that caused the problem were wages, communication, working time conditions and the lack of training and development. While there is only one interviewee said it is because of the workers themselves because they do not want to learn and the wages at the company are equal to any other company with same level of work.

Quantitative Results

Most of the workers at DLPS did not get their salary according to their performance and productivity. Moreover, when employees get a lower salary than they think, they will reduce their performance. Here the company should work more to motivate them. When employees can perform better and are self-motivated to do very well, the company in this case should enhance and motivate them to provide better performance by many ways such as rewards. moreover. most of the targeted sample totally disagreed with the idea that employees get promotion according to their performance, which is about 66.7% in total. Furthermore, the company had good working environment because most of the sample agreed on that. And that gives the researcher an index about the main issue of the high rate of employees' turnover is not the working environment and the researcher will keep investigating the real reason of that. While 86.7% of the employees did not get paid for their extra work. And 93.3% of the targeted sample did not get fair salary based on the working time. And that is one of the reasons that there is high rate of employees turnover and that made the workers leave their jobs. There is a positive relationship between working time and employee turnover in this case.

DISCUSSION

Managerial Implications

The study's key findings showed that Workers that have been targeted as a sample disagreed about getting good training and development programs at the company. Where 26.7% of the sample disagreed and 36.7% of the sample totally disagreed. With total of 63.3% of disagreement. That will give the researcher an index about positive relationship between training and high rate of employees' turnover because to make the workers remain at the job and perform very well, the company should provide high-quality of training program to enhance their performance. Moreover, most of the new employees did not get any training before they start their jobs, which will reduce their performance at work because they do not know how things should work. Besides that, that 66.7% of the sample disagreed about getting training every 6 months to enhance their ability to perform better. And that will support the hypothesis of the relationship between training and development and high rate of employees' turnover.

Limitations and Future Direction

This study had few limitations as the researcher mentioned in Chapter one (1). The limitations were as follows: The limitation of the study is not getting enough data to build the research on. Where lack of data cause bad quality of results and misunderstanding to what is the main reason behind the high rate of turnover. However, the researcher aimed to use qualitative and quantitative approaches to collect the data to ensure its quality. The second limitation is not getting enough data from the participants. Where if the researcher gets a questionnaire with one or two empty questions that will cause difficulties to analyse the data. however. However, the research had many weak points due to the difficulties of getting valid data on which the researcher could build his analysis. Moreover, this study was limited to the case in DLPS Company. Other companies may have/ have not the same issue but they need different solutions. Hence, the study and the suggested intervention will be useful for some cases such as the one that faced DLPS Company. Moreover, what if the same issue happened before 10 years? There was no sophisticated technology to analyse the issue and create a good solution. Each generation should create its own strategy to solve similar issues. Therefore, it is important to use in future longitudinal experiment or study design to explore the causal relationship between the variables in depth. Second, the researcher faced issues in collecting the primary data (interview) due to the outbreak of COVID-19 and the availability of the candidates. Hence, the researcher found no difference between the information gathered by questionnaires and interviews except the emotional intelligence and how the researcher can analyze the candidates feeling into readable information.

CONCLUSION

This research has achieved its objectives and increased the awareness of how the company should enhance its practices to maintain the employees retention. This action research was made to investigate the reasons behind the high rate of employees turnover in DLPS Company. Where the purpose of the study was to suggest solution to reduce the issue and increase the awareness of how to minimize the turnover rate. Primary data were collected from the existing and ex-employees in questionnaire form, while the researcher made five (5) interviews with the departments' managers to determine the main reasons of the turnover. Moreover, literature reviews were added to support the findings and examine the hypotheses. Strategically, the company should implement the suggested two strategies to enhance employee retention by offering them a good rewarding system and training program for new and existing employees. However, the company must create a great working environment for the welding department workers to ensure their safety and reduce mistakes.

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