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Cost of High Employees Turnover Rate in Oil Refinery Industry of Pakistan

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ABSTRACT

Employee's turnover is the challenging issue for the organizations and has always negative impact on the organizations. When employees leave their company, it does not only reduce the performance of the organizations but lessen the productivity and profitability of the organizations as well. It also increases the management difficulties and hiring cost for the new people to fill the vacant positions and train them. It has been observed that employee turnover, especially in oil refinery industry of Pakistan, is becoming a problem which costs a lot of money, efforts and energy. This problem might be a major obstacle for HR professionals in formulation of their HR policies. Major factors involve in employees turn over include: performance appraisal system, organizational policies and their implementations, working environment, job growth, bosses behaviors, benefits, compensation, economic condition of the company and performance of the company, etc. This study aims to identify the cost on employee's turnover in oil refineries of Pakistan and to suggest some employee retention strategies within the oil refineries of Pakistan. Data was collected mainly from secondary sources through the use of internet searching and downloading the research papers related to the topic of the paper. The author recommend that oil refineries of Pakistan need to review their policies to retain their valuable employees and save their cost on employees turnover.

Keywords: Cost on employees turn over, Oil refineries of Pakistan, working environment, compensation.

I. Introduction:

Turnover is the ratio of the number of workers that had to be replaced in a given time period to the average number of workers (Agnes, 1999). In simpler terms, turnover is the series of actions that it takes from the employee leaving to his or her being replaced. It is a behavior which describes this process (Currivan, 1999). Employee turnover is harmful to an organization in large quantities, so it should be kept to a minimum.

Employees' turnover rate has increased in oil refineries in last one decade. Organizations invest a lot on their employees in terms of induction, training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize employee's turnover. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover Therefore, there is need to develop a fuller understanding of the employee turnover, more especially, the sources- what determines employee turnover, effects and strategies that managers can put in place minimize turnover.

The employee's turnover has always negative effects and impact on company's output, production, profit and the overall state of employee's enthusiasm. The rules, regulations and policies are made to run an organization in a befitting manner. Sometimes these have negative impact on employee's motivational level and job-satisfaction. Thus, leading to turnover, this is a clear indication that these rules and regulations should be re-visited.

Employee's turnover has always shown a downward trend in the output of a company which create more problems and less comfort for the management. Retention of employees by giving those incentives, bonuses, extra allowances and facilities ensure better productivity and survival in the market.

There are factors which force the employee to consider the switching over to new job opportunities. But turnover at an organizational level is employees exit from the organization. Compulsory retirements, release on compassionate grounds and dismissal from service are some of the factors due to which the workforce leave an organization.

Companies definitely face the problem of employee's turnover but never bother to investigate or inquire into the circumstances under which such a phenomenon occurs or have occurred. It is therefore, necessary for the companies to find out the reasons and undertake remedial measures for the sake of their survival and output.

II. Literature Review

"Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees.

A huge concern to most companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover.

Companies take a deep interest in their employee turnover rate because it is a costly part of doing business." (Beam, 2009)

Companies incur direct and indirect expenses, which include the cost of advertising, headhunting fees, human resource costs, loss of productivity, new hire training, and customer retention, every time they have to replace an employee. These expenses can add up to anywhere from 30 to 200 percent of a single employee's annual wages or salary, depending on the industry and the job role being filled. (Beam, 2009)

Potential negative consequences of employee turnover include operational disruption, demoralization, negative public relations, personnel costs, strategic opportunity costs, and decreased social integration. (Colema, 1987)

The most common reason for employee turnover rate being so high is the salary scale because employees are usually in the search of well-paid jobs. Those who are desperate for a job may take the first one that comes along to carry them through while searching for better paying employment. Also, employees tend to leave a company because of the unsatisfactory performance appraisals. Low pay represents a good reason for which an employee may be lacking in performance. (Rampur, 2009)

Unequal or substandard wage structures fall under this category as well. "When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. In a like vein, if you pay less than other employers for similar work, employees are likely to jump ship for higher pay, if other factors are relatively equal." (Handelsman, 2009)

High turnover can lead to more issues in the workplace, such as understaffing, low morale, and poor customer service. Without strong retention strategies, companies will spend more on hiring and training costs.

Gordon Bowden (1952) introduces what he calls a simple solution to the turnover problem, that being to pay employees more than the competition. If it was solely about money that would be a great solution, but unfortunately employees turnover has a number of sole and combined causes depending on a variety of issues dealing with work-related and non-work-related matters dealing. Employees blame work and thus become dissatisfied with their jobs as part of the inter role conflict caused by the combined responsibilities of work, family, community, and personal (Hom & Kinicki, 2001).

Employers must accept the fact that there are inevitable circumstances for turnover such as age, gender, and health. A minor employed by a company does not have much input the decision the adult caretaker makes in his or her life such as moving to a new location, changing schools, transportation, etc. The minor has certain house rules to obey which may or may not enhance work capability, availability, and flexibility. A certain number of women will leave their jobs temporarily or permanently in order to full-fill certain family responsibility. In today's society, men may be the ones leaving work to fill the shoes of the family caretaker. Another inevitable turnover is due to illness, retirement, or death (Bowden, 1952). Retirement is something that most employees look forward to. This type of turnover can at least be expected unlike illness or death. There are certain occasions during which turnover is inevitable, therefore it impossible to control it one hundred percent (Bowden, 1952).

Lynn Coleman (1989) offers ideas on how to correct and prevent employee turnover. Some of his recommendations include the institution of exit interviews and other methods of finding the reasons for people leaving the company. Surveys and interviews are excellent method by which to find information about people. Even though exit interviews sound as the best idea to get honest information from an employee because the thinking is what the employee has to loose, they have already quit, the employee certainly does not want to burn bridges, so even in that situation information may not be the outmost truthful and straight forward. Possibly anonymous surveys would be the best, and for those paranoid employees maybe a typed survey turned in with gloves on.

Another method of acquiring information in the effort of preventing or minimizing turnover is to have an open door policy that allows the managers to hear of issues prior to escalating to the employee leaving. This could be a very excellent method of prevention as well as conducting self-audits to identify certain aspects as job satisfaction and exhaustion (Coleman, 1989). Findings about job satisfaction and exhaustion early may be crucial, since job dissatisfaction eventually leads in a progressive manner to the employee leaving the company (Hom & Kinicki, 2001). These findings have evolved to companies spending a large amount of time and money developing their employment procedures and hiring efforts. These efforts of finding the right candidate have created certain standards the company is looking for (Bowden, 1952).This is more than requirements, in addition to attaining the most qualified available employees, establishing standards for recruiting assists in being consistent and maintaining an above par hiring procedure. It also allows for a better match of company and the employee (Coleman, 1989).

Employee turnover costs the company money.Companies may increase their stock price by reducing turnover (Employee turnover, 2000). There are tangible and intangible effects of turnover. Concrete costs can be seen in the time spent in recruiting, selecting, and training new employees. These values can be accounted for and calculated as can the fees spent on advertising and the manpower used to conduct interviews, review candidates, and conduct training. Managers instead of managing are spending time searching, interviewing, and hiring new employees; not to mention the paper work involved (White, 1995). Another effect that turnover has on a company includes the loss of intellectual capital; this is losing people that have been trained and know things about the job which may not be quickly replaced. It reduces the morale while increasing the stress of those that stay because the remaining workers must fill in the slot left open while a replacement is found (Kramer, 1999). This might include working longer shifts and/or more days. All these intangible costs of increases workloads create turbulence within companies with high turnover. Negative publicity may also result from turnover being extremely at high levels (White, 1995).

Stephen Laser (1980) offers various scenarios that may cause employee turnover. It is perceived by most, even though it is still questionable, that the main cause of turnover deals with salary issues. Shifting values may also have something to do with turnover and the change in today's work ethics. However, turnover can be attributed to three major causes: improper selection of personnel, the lack of an adequate orientation and training program, and organizational personnel management problems. Noah and Yong-Pin (2002) agrees that properly selecting employees is in fact a huge aspect of employee turnover. During the selection of personnel phase of the hiring process a mismatch can occur between company or position and employee. The person job seeking is generally looking for more than one opportunity since they have or are willing to leave their present work. Careful consideration should be made when the job is finally offered to assure the prospect employee suits the position within the company and vice-versa.

More and more companies are relying on Human Resources programs designed to reduce turnover which in turn can result in a remarkable positive change to the bottom line (Glebbeek & Bax, 2004). Definite progress has been made in the development of excellent human resources programs in order to reduce turnover, yet significant margins of error still exist even in the best testing and interviewing forms of hiring practices(Bowden, 1952). Time must be spent reviewing education strategies. An adequate orientation and training program is necessary in order to well-equip personnel with the proper knowledge and skills necessary to do accomplish the job efficiently and effectively (Coleman, 1989).

Home and Kinicki (2001) discuss the cause of turnover to be job dissatisfaction. They discuss this issue under the topics of inter role conflict and job avoidance. Inter role conflicts, referring to the multiple role employees play at work and the stresses that accompany them, decreases job satisfaction and thus increasing the likelihood of the employee leaving the company. Avoiding doing the work necessary for the job is an alternative to exiting the job that occurs when an employee is dissatisfied with his or her work. Job satisfaction minimizes the likelihood of job avoidance occurring.

Sheehan (1995) discusses two other causes in addition to job dissatisfaction. People often leave their jobs for a better job or for reasons unrelated to the job. Employees in fact may be looking for a better opportunity and not suffer from job dissatisfaction (Noah & Yong-Pin, 2002). Other reasons play into the decision making process of leaving a job such as health, family, financial needs, etc. These reasons are unrelated to the job directly, but they have an effect on the decision rationale utilized by the employee (Bowden, 1952).

III. Overview of Oil Refinery Industry of Pakistan

Pak Arab Refinery Ltd. (PARCO), National Refinery Limited (NRL), Pakistan Refinery Limited (PRL). Attock Oil Refinery Limited (ARL), Dhodak Refinery of OGDCL and Byco Refinery are the main refineries of Pakistan. All these refineries are providing the petroleum products to the nation.

3.1 Pak Arab Refinery Ltd. (PARCO)

Incorporated in Pakistan in May 1974, as a Public Limited Company, Pak Arab Refinery Limited (PARCO) is a 60:40 % joint venture between the Governments of Pakistan (GOP) and Abu Dhabi, having paid – up capital of Rs.12 billion and total equity of Rs.36 billion. Since the commencement of commercial operations 24 years ago, the company has expanded a phenomenal 53 times, achieving an asset base approaching Rs.100 billion

PARCO, as an energy company, is a key player in the country's strategic oil supply and its logistics. With the synergy of a comprehensive and expanding oil pipeline network, integrated with a significant and modern refining capability. The company has emerged as the strategic fuel supplier to the country. PARCO's competitive advantages through the integration of pipeline operation, strategic storage, leading edge refining and a significant role in the refining of petroleum products, have enabled it to achieve a unique position in the energy supply chain.

PAK ARAB REFINERY LTD (PARCO) incorporated as a public limited company in 1974. 60% of the shareholding is by the Government of Pakistan and 40% by the Emirate of Abu Dhabi through its Abu Dhabi Petroleum Investment Company L.L.C. (ADPI), a subsidiary group of International Petroleum Investment Company (IPIC).

PARCO's major business activities are:

- Refining
- Transportation
- Storage
- Marketing

PARCO is an integrated energy company, and is a key player in the country's strategic oil supply and logistics. With a refining capacity of 100,000 BPD, combined storage capacity of over one million tons, a marketing joint venture with TOTAL (France), a technical support venture with OMV (Austria), and a distribution agreement with SHV (Holland); PARCO has emerged as the strategic fuel supplier to the country with a broad portfolio of operational ventures. The organization encompasses Pakistan's largest refinery and 2000 kms of cross country pipeline network, including its subsidiary PAPCO.

With continued support of the Emirate of Abu Dhabi, PARCO has been able to realize a number of energy projects that have contributed significantly in enhancing the country's economic growth, saving foreign exchange, transferring technology and providing employment.

The performance of the company can be judged by the fact that it has retained its AAA and A1+ long and short term credit rating by PACRA for thirteen consecutive years. The company set another first when it obtained three simultaneous international certifications: ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System).

3.2 Attock Refinery Limited (ARL)

Attock Refinery Limited (ARL) was incorporated as a Private Limited Company in November, 1978 to take over the business of the Attock Oil Company Limited (AOC) relating to refining of crude oil and supplying of refined petroleum products. It was subsequently converted into a Public Limited Company in June, 1979 and is listed on the three Stock Exchanges of the country. The Company is also registered with Central Depository Company of Pakistan Limited (CDC).

Original paid-up capital of the Company was Rs 80 million which was subscribed by the holding company i.e. AOC, Government of Pakistan, investment companies and general public. The present paid-up capital of the Company is Rs 852.93 million.

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a rich experience of more than 90 years of successful operations, ARL's plants have been gradually upgraded / replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

It all began in February 1922, when two small stills of 2,500 barrel per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of oil flowed. After discovery of oil in Dhulian in 1937, the Refinery was expanded in late thirties and early forties. A 5,500 bpd Lummus Two-Stage-Distillation Unit, a Dubbs Thermal Cracker Lubricating Oil Refinery, Wax Purification facility and the Edeleanu Solvent Extraction unit for smoke-point correction of Kerosene were added.

There were subsequent discoveries of oil at Meyal and Toot (1968). Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd capacity, respectively. Due to their vintage, the old units for lube/ wax production, as well as Edeleanu, were closed down in 1986.

In 1999, ARL commenced JP-1 pipeline dispatches and in 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned. Another expansion and up gradation project was completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. ARL's current nameplate capacity stands at 43,000 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes.

ARL's current Expansion / Up-gradation Projects comprises of Preflash unit, Naphtha Isomerization unit, Diesel Hydro Desulphurization (DHDS) unit and expansion of existing Captive Power Plant. This would increase refinery capacity by 10,400 bpd, motor gasoline production would increase by 20,000 Tons per month and would enable ARL to produce Euro II compliant low sulphur diesel. These Projects are expected to be completed by September 2015. The Company is ISO 9001, ISO 14001, ISO/IEC 17025, OHSAS 18001 certified and is the first refinery in Pakistan to declare implementation of ISO 50001 (Energy Management System).

3.3 National Refinery Limited (NRL)

National Refinery Limited (NRL) was incorporated on August 19, 1963 as a public limited company. Government of Pakistan took over the management of NRL under the Economic Reforms Order, 1972 under the Ministry of Production, which was exercising control through its shareholding in State Petroleum Refining and Petrochemical Corporation (PERAC).

The Government of Pakistan had decided to place the National Refinery Limited under the administrative control of Ministry of Petroleum & Natural Resources in November 1998.In June 2003 the Government of Pakistan decided to include NRL in its privatization program. The selling of 51% equity and transfer of management control to a strategic investor had been proposed accordingly, the due diligence process for the privatization was initiated.

After complete bidding NRL was acquired by Attock Oil Group in July 2005.The Company has been privatized and the management handed over to the new owner (Attock Oil Group) on July 7, 2005.

NRL is engaged in the manufacturing, production and sale of large range of petroleum products. The refinery complex of the Company comprises of three refineries, consisting of two lube refineries and one fuel refinery. First Lube Refinery commissioned in 1966 with designed capacity of 539,700 tons per annum of Crude Processing and 76,200 tons per annum of Lube Base Oils. Second Lube Refinery commissioned in 1985 with designed capacity of 100,000 tons per annum of Lube Base Oils.

The Fuel Refinery commissioned in 1977 with designed capacity of 1,500,800 tons per annum of crude processing and after revamp the designed capacity comes to 2,170,800 tones per annum of crude processing. The BTX unit was commissioned in 1985 with design capacity of 25,000 tons per annum of BTX.NRL enjoys a competitive edge, as it is the only refinery producing LBO in Pakistan.

3.4 Pakistan Refinery Limited (PRL)

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is quoted on the Karachi and Lahore Stock Exchanges. The Refinery is situated on the coastal belt of Karachi, Pakistan. PRL is a hydro skimming refinery designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. The Refinery has a capacity of processing 47,000 barrels per day of crude oil into a variety of distilled petroleum products such as Furnace Oil, High Speed Diesel, Kerosene oil, Jet fuel and Motor gasoline etc.

The Refinery is operating at two locations. Main processing facility is located at Korangi Creek with supporting crude berthing and storage facility at Keamari. Initially, the design capacity of the Refinery was to process 1 million tons of crude oil annually, which was subsequently expanded to 2.1 million tons per annum.

Pakistan Refinery Limited (PRL) since inception has been the principal manufacturer and supplier of petroleum products to the domestic market and Pakistan defense forces. It continues to serve the energy needs of the country with professional excellence and high degree of commitment. PRL takes pride in the edge it enjoys over its competitors in respect of efficiency, lower operating cost, high quality human resources, reliability and introduction of newer generation technologies.

The operations of the company are managed by the refinery leadership team which is led by the Managing Director of the company and is responsible for ensuring that the policies and strategies as approved by the board are implemented whilst maintaining a culture of openness, integrity, accountability and commitment to the Company's principles.

3.5 Byco Oil Refinery

Byco Oil Pakistan Limited (BOPL) is a company incorporated in Pakistan on 6th April, 2006 having a portfolio of oil refining and chemical manufacturing businesses. With a vision to maximize the synergies of energy industry, the company owns the largest oil refinery in the country and plans to set up a chemical manufacturing plant soon at Byco's manufacturing complex located at the coastal belt of Baluchistan province.

BOPL is owned by Byco Industries Incorporated (BII), a company incorporated in the Republic of Mauritius and having a portfolio of energy investments. Byco Industries Incorporated (BII) has identified great potential and opportunities in energy sector in this region and has invested in related businesses in Pakistan and United Arab Emirates.

BOPL owns major shareholding (85.46%) in another Byco company named as Byco Petroleum Pakistan Limited (BPPL). BPPL is incorporated in Pakistan since 1995 and is involved in oil refining and petroleum marketing in addition petroleum infrastructure and logistics businesses through its subsidiary named as Byco Terminals Pakistan Limited (BTPL).

Oil refining is the key business portfolio of the company. This business portfolio holds the largest oil refinery in the country in terms of refining capacity and is supported by the subsidiaries who are involved in petroleum marketing and petroleum infrastructure businesses. The business not only fulfills the energy demand of the country but also export finished products in the international markets.

The company has identified great potential in chemical manufacturing business in this country and plans to set up a petrochemical complex besides its refinery complex in MouzaKund, Hub, and Baluchistan. This business portfolio is actively involved in project installation of the petrochemical plant that will produce various petrochemical saleable products to meet the demand of the country and beyond borders.

3.6 Dhodak Refinery

OGDCL is the national oil & gas company of Pakistan and the flagship of the country's E&P sector. The Company is the local market leader in terms of reserves, production and acreage, and is listed on all three stock exchanges in Pakistan and also on the London Stock Exchange since December 2006. The Company is all set to ride the wave of E&P activity, equipped with its Vision & Mission, Business and Strategic Plan, a debt-free and robust balance sheet and healthy cash reserves. The Company is ready to take on the challenges of a volatile E&P industry.

Dhodak Refinery is under the ownership of OGDCL. It has the refining capacity of 2.500 bbl/day. Its major refining units are Distillation, Gas Dehydration, and LPG Recovery. Local crude is supplied from Dhodak natural gas condensate field. Following are the refined products from crude oil: LPG, Naphtha, Kerosene, HSD, and DFO. The refinery is a Condensate Splitters, located by a gas producing field.

Following are the annual processing capacities of different refineries of Pakistan and their percentage of providing petroleum products to the country.

The Crude oil design processing capacities of different refineries is as follows.

S.No	Name of Refinery	Crude Processing Capacity/Annum Metric Tons	Percentage %
1	PARCO	4,500,000	35.6
2	NRL	2,710,500	21.4
3	PRL	2,133,705	16.9
4	ARL	1,711,200	13.5
5	Byco Refinery	1,485,550	11.8
6	Dhodak	101,182	0.8
Total		**12,642,137**	**100**

IV. Methodology

This research conducted on oil refinery industry of Pakistan which includes, Pak Arab Refinery Ltd (PARCO), National Refinery Limited (NRL), Pakistan Refinery Limited (PRL). Attock Oil Refinery Limited (ARL), Dhodak Refinery of OGDCL and Byco Refinery. Analytical and descriptive study method was used to understand the cost on high employees turn over. Data collected were mainly from secondary sources through the use of internet searching and downloading the research papers related to the topic of the paper. Gather the data after mutual discussion under the supervision of supervisor. The type of data was secondary data and source of data for this study is books and internet. The study has limitations of time constraint, access to limited libraries.

4.1 Objectives of Study:

A general objective of this research study is to identify the cost which is spent and bared by the oil refineries of Pakistan and preventive action to reduce the effect of employee's turnover from the refineries. Research study consists of the following main objectives.

1. Illustration of different types of cost which refineries spend on employees and bear when an employee leaves the organization.
2. Which preventive actions management should take place to reduce the cost on employee's turnover?

4.2 Scope of study:

Oil refinery industry is facing high employee's turnover since one decade. Experienced engineers and associate engineers are leaving the organization rapidly. Talent is continuous draining. Refineries are spending a lot of money on new hiring and on employees training. The scope of this research study is to find out the cost of employees turn over in oil refineries of Pakistan. The impact of turnover on organizations and which actions should be taken by the management to reduce the employee's turnover rate. This study will help to forecast the future needs of changes to be made in the organizational policies in accordance to employee turnover.

4.3 Cost on Employees Turnover:

Companies spend a lot of money on their employees either in the form of direct cost or indirect cost. When the employ leaves the company voluntarily or involuntarily, the organizations have lost their money, time and resources. Normally the executives have great impacts as compared to lower level employees. Followings are the major costs which employer bears on the exit of the employees.

4.3.1 Exit Costs

1. Human Resources:

There is a lot of paper work and time consuming for the HR executives when an employee leaves the company. The company management has to process the resign of the exit employee, stop its payroll, change enrollment, to block its personal number and has to conduct exit interview. This cost is in the form of time, executives working hours and paper working. So the companies have to bear all these costs when an employee leaves the company.

2. Managerial Handoff:

Indirect cost is there in the form of managers' salary and benefits. Normally managers conduct the exit interviews, review the work of the employee who left the company and checks how to cover that work until a replacement is hired.

3. Lost Customers and Contacts:

Especially if the employee is from a sales or customer service position, then he has many contacts with customers. When he leaves the company, there is very hard for new employee to maintain the customer contacts and the potential cost company bears, as well as a new employee will bring in his own contacts that may harm to the system.

4. **Overworked remaining staff:**

When an employee leaves the company then there is working burden for remaining staff to work on his post. If the position remained vacant for long time then the remaining staff fed from over work. Sometimes the staff start to look for new jobs and leave the company. Here the cost is in the form of remaining over worked employees because they get stretch thin and their quality of work goes down.

4.3.2 Absence Costs

1. Coverage:

The existing employees have to take the responsibilities of the going person. It means that the existing employees have to cove the extra responsibilities and duties of the left person. Due to this the some portion of their own work will be given up and due to this there is the productivity loss or the management increases the overtime cost to cover the work. There is additional management costs to re delegate the work.

2. Direct Productivity Loss:

Productivity is direct affected when the rest of the tasks performed by the exiting employee simply won't be done in their absence. So this is also the cost which the management has to pay when an employee's leave the company.

3. Cost in the form of Product Quality:

The company has to pay the cost in the form of product quality. It means when an experienced employee leave the company, he has much qualities of technical skills, behavior of the product and process. He provided the quality product within the time limit. But after his absence the new employee can't cover his position. He does technical mistakes and the refinery product has to recycle for processing until the product qualified.

4. Cost in the form of Product Quantity:

The replacement of the going employee also effects on the quantity of the product. The units which the previous employee was producing, the new one cannot compete him or to produce equal to going employee. The organization pay the cost in the form of low production and low profit.

5. Loss of knowledge:

There is a drain of knowledge and talent on leaving the experienced employees. Many people can do what your former employee did, but they don't have the specific knowledge he had. It's not just about putting numbers in a spreadsheet, writing code, or selling a product. It's about knowing the people, the traditions, and the location of relevant information, the operation & process of refining. There is great loss of knowledge and talent on leaving the employees.

6. Disruption:

There is disturbance not only in the process of the organization but for whole system of the company on leaving the employees. The moral of the other employees also goes down when a respected peer leaves.

4.3.3 Recruitment Costs

1. Advertisements Costs:

Where and how the companies should advertise the available position? The Company requires the medium of the advertisement. The companies think either electronic media or print media should be used or to hire some recruitment agency. There is a huge cost which the companies has to pay on advertisement. Classified ads and internet job postings typically cost so much.

2. Interviewing Cost:

The executives has to go for some central point for interview to hire the new employees. The refineries have to pay for the hotel room's rents, meals expenses, travelling allowances and daily allowance sometimes the company has to pay.

3. Internal Recruitment:

If the companies calculate the time cost for the internal recruiter to understand the position requirements, develop a sourcing strategy, review resumes, prepare for and conduct interviews, conduct reference checks, make the offer to the selected candidate, and notify unsuccessful candidates, then there is huge cost in the form of time.

3. Hiring Manager:

There is a huge cost for hiring manager and other key stakeholders to review resumes, conduct interviews and make their selection. The companies have to pay this cost for hiring new candidates.

4. Internal Candidates:

If the company uses the internal hiring method, then calculate the lost productivity for any internal candidates who may apply for the position.

5. Screening:

Calculate the costs of drug screens, background checks, skills assessment, personality profile testing, and any other tasks (especially outsourced ones) used to screen candidates.

4.3.4 Onboarding Costs

1. Onboarding:

Calculate the cost of both the new employee and HR staff for orientation and onboarding paperwork, including business cards, ID badge, credit card, mobile phone and so on. Also consider the costs for IT staff to set up user accounts, telephone access, etc. So, there is a heavy cost which the companies have to spend.

2. Training:

Training always consume a lot of money including on the job training and off the job training. Calculate the cost of both structured training (including materials) and the time of managers and key coworkers to train the new employee to the point of 100 percent productivity.

V: Conclusions

Major cost at employee's turnover is discussed including the exit cost (human resource cost, managerial handoff, lost customer, contacts, overworked remaining staff), absence cost (coverage, direct productivity loss, cost in the form of product quality, cost in the form of product quantity, loss of knowledge, disruption), recruitment cost (advertisements costs, interviewing cost, internal recruitment, hiring manager, internal candidates, screening) and onboarding cost (onboarding & training costs).

High employee turnover is always painful for companies and their executives. The companies have to bear a lot on the exit of any employee. There is a huge amount which the companies spend on the advertisements, hiring and on training of the new employees. Organization also loses their quality and quantity of products.

Furthermore, employee turnover is also hurting for the company's bottom line employees, as they have to do extra duties to cover the work of their going employees. Experts estimate it costs upwards of twice an employee's salary to find and train a replacement. The management has to specify a special budget for employees hiring and on their training. The high turnover can also damage the morale and confidence among remaining employees as their colleagues are leaving while they are still in the company.

There is a positive aspect of employee's turnover on the companies as well. The management of some of the refineries specially Pak Arab Refinery (PARCO), thinks that it's no matter how much employees leave the PARCO, how much they spend on the advertisement, recruitment and training, how much they loss their money in the form of overtime, quality of product, quantity of product, knowledge & experience? This all cost is less than those leaving employees who earn money in abroad and send the huge amount to the Pakistan and are increasing the revenue for the country in the form of foreign reserves. They also say that we are training the nation and they leave the company by making vacant places for the new comers.

According to researchers the major factors which involve in employees turn over are: performance appraisal system, organizational policies & their implementations, working environment, job growth, bosses behaviors, benefits, compensation, economic condition of the company and performance of the company, etc.

VI: Recommendations:

Refineries can save their costs by making the proper policies, proper compensation and hiring right peoples. We summarize our recommendations as under:

1. Refineries should take corrective measures to retain the experienced employees to reduce the employee's turnover rate.
2. Pakistan refineries should hire the right people from the start, mostly experts agree, hiring the right people is the single best way to reduce employee turnover.
3. Interview and scrutinize candidates carefully, not just to ensure they have the right skills but also that they fit well with the company culture, managers and co-workers.
4. There should be no biasness in performance appraisal system. Appraisals should be filled on the basis of performance, not on the basis of personal relations.
5. Organizational policies should be reviewed in favor of the employees.
6. Policy implementation should be proper for every employee of all refineries.
7. Equal chance should be given to every employee for job growth on the basis of merit.
8. Management should improve feedback system from lower level to top level to improve working environment.
9. Recognition and praise are a cost-effective way to maintain a happy, productive work force.
10. Pay structure and compensation should be revised to sustain the experienced employees to avoid turn over.
11. The management should plan for employees forecasting and prepare well before any employee leave the company voluntarily or involuntarily, so that the remaining staff should be avoided from overload.

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