

Human resources churning dependent on the economy: Society's impact on institutions?



Churning de recursos humanos dependente da economia: Impacto da sociedade nas instituições?

Olga Alexandra Chinita Pirrolas¹  and Pedro Miguel Alves Ribeiro Correia² 

¹ University of Lisbon, Institute of Social and Political Sciences, Lisboa, Portugal

² University of Coimbra, Faculty of Law, Coimbra, Portugal

Authors' notes

Olga Alexandra Chinita Pirrolas is now a doctoral student in Human Resources Development Policies at the University of Lisbon; Pedro Miguel Alves Ribeiro Correia is now a professor of Public-Private Administration at the Faculty of Law of University of Coimbra.

Correspondence concerning this article should be addressed to Olga Alexandra Chinita Pirrolas and Pedro Miguel Alves Ribeiro Correia. Emails: olgaalexandrap@gmail.com; pcorreia@fd.uc.pt

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Abstract

Purpose: This essay presents the results of a theoretical research using the existing literature on human resource churning within the economic context. The research examines how institutions and society address human resource churning from the economy. To accomplish this, two specific objectives were established: the examination of the key variables impacting churning within the economic context, and the creation and analysis of a theoretical model. The research question that emerged was: “How do institutions and society deal with the occurrence of churning arising from the economic context?”

Originality/value: The relevance of this essay rests in its potential to contribute to the existing literature and enhance the advancement of knowledge in a field that despite its complexity and relevance remains relatively underexplored in the area of human resource management. In this regard, understanding the impact that the economic context plays on the phenomenon of human resource churning is a key aspect for organizations to take mitigation measures.

Design/methodology/approach: It follows a theoretical approach by means of a literature review which has allowed the exploration, analysis, deepening and broadening of the existing literature.

Findings: Upon analysis of the results, it was found that during periods of economic recession the churning rate is lower compared to periods of economic recovery. As a result, organizations need to adapt their policies to the economic context in order to retain their employees and avoid costs arising from replacements (churning).

Keywords: churning of human resources, economic context, impact of churning on institutions and society, causes and consequences of churning, strategic mitigation measures

Resumo

Objetivo: O presente ensaio descreve os resultados de uma pesquisa teórica com recurso à literatura existente sobre a temática do *churning* de recursos humanos no contexto económico, com o objetivo de analisar como é que as instituições e a sociedade enfrentam o *churning* de recursos humanos mediante o contexto económico. De forma a alcançar o referido objetivo, foram definidos 2 objetivos específicos: analisar as principais variáveis que influenciam o *churning* no contexto económico, e elaborar e analisar um modelo teórico. Tendo surgido como questão de investigação: “Como as instituições e a sociedade lidam com a ocorrência de *churning* proveniente do contexto económico?”

Originalidade/valor: A pertinência deste ensaio recai sobre a oportunidade de contribuir para o desenvolvimento da literatura e contribuir para o aumento da ciência sobre um tema que, apesar da sua complexidade e pertinência, ainda é um tema pouco explorado na área da gestão dos recursos humanos. Neste sentido, perceber a influência que o contexto económico exerce sobre o fenómeno de *churning* de recursos humanos é um dos pontos fulcrais para que as organizações tomem medidas de atenuação.

Design/metodologia/abordagem: Segue uma abordagem teórica, com recurso à análise da literatura que permitiu a exploração, análise, aprofundamento e alargamento da literatura existente.

Resultados: Por meio da análise dos resultados, constatou-se que em períodos de recessão económica a taxa de *churning* é mais reduzida em comparação com períodos de recuperação económica. Face ao exposto, as organizações têm de adaptar as suas políticas ao contexto económico de forma a manter os seus trabalhadores e evitar custos resultantes de substituições (*churning*).

Palavras-chave: *churning* de recursos humanos, contexto económico, influência do *churning* nas instituições e na sociedade, causas e consequências de *churning*, medidas estratégicas de atenuação

INTRODUCTION

The context of economic globalization as well as the social and political complexity arising from constant scientific developments and technological progress prompted organizations to change their organizational procedures and policies in order to retain their employees (Kamalaveni et al., 2019).

The phenomenon of human resource churning is a constant problem organizations face (Kerr, 2018). This problem derives from the costs arising from workers' voluntary quitting, *i.e.*, replacement costs to fill the resulting vacancies (Pirrolas & Correia, 2021a; Burgess et al., 2001).

Despite its complexity and relevance, this remains an underexplored topic in the field of human resource management, which poses considerable challenges when it comes to its operationalization (Yigit & Shourabizadeh, 2017).

Although human resource churning can be linked to different contexts, such as the economic context, industry sectors, and organizational sizes, this work focuses on the economic context (Burgess et al., 2000). Hence, understanding the impact that economic context plays on the churning phenomenon is crucial for organizations to take mitigation measures (Pirrolas & Correia, 2023).

When it comes to the decision to stay or leave an organization, human resource churning can be categorized into voluntary and involuntary. Voluntary churning occurs when a worker chooses to leave the organization, while involuntary churning occurs when the organization decides to dismiss a worker (Cappelli & Neumark, 2004).

This essay focuses on voluntary human resource churning, as it is regarded as the most problematic for organizations. Given the above, there are multiple reasons for voluntary churning to occur. These reasons may be positive. For example, when the job supply increases, it creates better opportunities. These are opportunities that meet workers' needs and hopes. They include a better position, pay, benefits, working conditions, and amenities. They also include a chance for career growth, better leadership, and a better location (Pirrolas & Correia, 2021b). Moreover, voluntary churning may be related to negative reasons, such as conflicts with supervisors or colleagues, lack of recognition, demotivation, uninteresting work, lack of training and career opportunities, low pay, poor working conditions etc. (Pirrolas & Correia, 2022a).

Organizations primarily focus on voluntary employee churning. This emphasis is attributed to organizations focusing on losing a skilled worker

in whom the organization has invested, and who decides to leave for better employment prospects due to discontent with the prevailing conditions within their current organization. This discontent may derive from conditions that fail to align with the worker's expectations or stem from existing conflicts (Degbey et al., 2020).

Given the above, this essay is expected to contribute towards a change in organizational paradigms by creating and implementing a preventive model of the causes of churning in order to promote better working conditions and contribute to the minimization of the churning rate to reduce costs with replacements. The model described above is formulated with the intention of aiding organizations in comprehending and delving into its underlying factors, and by implementing retention strategies and plans improve team management and the effectiveness of current organizational policies (Pirrolas & Correia, 2022a).

Given the difficult reality that managers are faced with due to the complexities of finding suitable replacements, it becomes crucial for them to implement retention strategies. These strategies are aimed at reducing costs associated with new hires derived from replacements, such as recruitment and selection, onboarding, medical examinations, and training, as well as the impact on productivity and increased workload for the employees who remain in the organization (Dolatabadi & Keynia, 2017).

The relevance of this essay lies in the opportunity to bring into the organizational reality the impact of the economic context on the occurrence of human resource churning. This essay aims to enhance the existing literature on the topic and contribute towards the promotion of potential strategic measures that organizations can adopt to reduce costs related to worker replacements and promote the retention of human resources.

In this respect, this essay has the overall objective of analyzing how institutions and society deal with human resource churning derived from the economic context. To accomplish this, two specific objectives were established: a) the examination of the key variables impacting churning within the economic context, and b) the creation and analysis of a theoretical model. The research question emerged: "How do institutions and society with the occurrence of churning arising from the economic context?"

Given the above, a brief literature review addresses topics such as human resource churning in the economic, institutional, and social context, as well as the role of human resource management in mitigating it, depending on the economic context. To perform the literature review, searches were conducted

in the following databases: Google Scholar, ResearchGate, Scielo, Wiley online library, MDPI, B-on, and ScienceDirect (Elsevier), using the following keywords: churning of human resources, economic context, strategic human resource retention measures, human resource churning mitigation measures, causes of churning, economic cycles, economy and society, and economic crisis.

Subsequently, the methodology used for the creation of this essay is presented, followed by a discussion of the results and the findings, limitations, contributions, and recommendations for future studies.

THEORETICAL FRAMEWORK

Human resource churning in the economic context

In order to address contemporary organizations in the context of crisis and extreme events, it is pertinent to refer to certain economic concepts to facilitate their understanding, namely regarding economic cycles, recession, and economic recovery. According to Schumpeter (1939), economic cycles are characterized by the movement of a large volume of economic activities, such as recession, a term that is associated with a period characterized by a contraction phase of the economic activity within a given period, resulting in consequences such as: increase in unemployment, reduction in profit, decrease in productivity, increase in the number of bankruptcies.

Moreover, in periods of recovery, there is a phase of expansion in economic activity, generating an increase in job offers, increased productivity, and decreased unemployment (Lazaer & Spletzer, 2012). In this context, the integration of the churning phenomenon arises, which occurs through the economic cycles experienced in a given period.

The context of economic globalization, as well as the social and political complexity arising from scientific and technological developments, prompted organizations to adapt to this new reality through the implementation and/or change of their policies and procedures in order to circumvent the problem of workers leaving voluntarily, a problem which they constantly face (Kamalaveni et al. 2019).

It is in this sense that the phenomenon of human resource churning arises. Despite its multiple definitions, this paper focuses on the costs related to the replacement of workers who have voluntarily departed from the organization (Pirrolas & Correia, 2021a).

According to Lazear and Spletzer (2012), organizations hire for three reasons: 1. due to an expansion of jobs, 2. due to increased workload, and 3. due to replacements (*i.e.*, replacing workers who do not meet the organization's expectations, and for reasons derived from replacing workers who leave the organization voluntarily). This final reason for replacements resulting from workers' voluntary departures forms the foundation of the concept known as human resource churning, *i.e.*, when the costs of replacements surpass the costs that an organization incurs to retain a worker—workers who are regarded as an asset for the organization due to their skills and experience.

Considering the economic context as the main aspect impacting human resource churning, the churning rate varies according to the specific economic period. This variation is characterized by fluctuations that differ between times of economic recession and phases of economic recovery. During periods of recession, given the decrease in labor supply and the increased difficulty of changing jobs, workers tend to remain in the organization, compared to periods of economic recovery, in which, due to the increase in job supply, it is easier to change jobs in order to attain better working conditions or due to personal reasons, thus contributing to the increase in the churning rate (Lazear & Spletzer, 2012).

Ilmakunnas and Maliranta (2005) point out three different economic periods: expansion, recession, and recovery. A study carried out by the authors in Finland between 1988 and 1997 on the churning rate found that in periods of expansion, the percentage of voluntary departures of workers increased by 36%. In periods of recession, the percentage of voluntary departures decreased to 22%, and in periods of economic recovery, the percentage of voluntary departures increased to 40%. Moreover, demographic processes such as international migration, internal rural-urban mobility, and residential mobility are increasingly driven by economic cycles (Salvati, 2019).

Salvati (2019) conducted a study in Greece during the economic expansion (2002-2009) and recession (2010-2017). It was found that the population increased during the economic expansion in semi-central regions with medium-sized urban centers and higher economic functions. Although the natural balance was positive in almost all sectors, migration contributed the most to population growth during 2002–2009. However, there has been a general decrease in population during the recession, except in coastal areas, *i.e.*, areas that attract migration flows and maintain a slightly positive natural balance.

Large urban areas have experienced the highest rate of population decline due to accelerated emigration and a moderately negative natural balance. Thus, population dynamics during the economic expansion contributed to widening the gap between urban and rural areas. Inversely, population dynamics during the recession led to a spatial population redistribution, reducing the gap between urban areas, rural areas, and coastal areas.

Within the previously outlined context, it is reported that processes related to demographic change are regarded as the primary drivers shaping developmental trajectories (Davies, 2011; Dyson, 2011; Fuguitt & Beale, 1996). In this sense, demographic regimes have been rapidly transforming in developed countries in response to socioeconomic changes (Amcoff & Westholm, 2007; Billari & Kohler, 2004; Cherlin et al., 2013).

According to Haltiwanger (2012), the separation of successful from unsuccessful companies is a central and necessary part of our market economy, and an understanding of this process by the public (organizations and employees) and policymakers is essential. The relationship between the churning of human resources in organizations, employment, and productivity growth highlights the complex nature of economic growth. Developing new products and processes and adapting existing technologies to changing economic conditions involves substantial experimentation.

The creation of companies and recently created companies play a significant role in the entrepreneurial dynamic. Understanding the nature of these dynamics in general and the role of company creation in particular is central to understanding the sources of job creation, productivity growth, and the vulnerabilities of such growth.

Human resource churning in organizations is a global feature of different sectors, as millions of jobs are created every year through the expansion of existing organizations and the creation of new ones. In contrast, millions of jobs are destroyed as companies contract or go out of business.

Haltiwanger (2012) notes that churning is costly, the nature of such costs reflecting the transfer of economic resources from less productive organizations and companies to more productive ones. Moreover, the emergence of new companies and the subsequent upward or downward dynamics of recently created companies contribute substantially to productivity growth.

While human resource churning is the subject of debate among policymakers and the cause of much anxiety among workers, it is important for the economy. There are large differences in productivity among companies in the same industry. These differences reflect a variety of factors: the ability of the business owners and managers, the way the business is run and

organized, the location of the organization, the choice of technology and products, *i.e.*, the myriad choices made is what distinguishes businesses within the same industry.

Finally, it should be noted that the volatile role that the economy plays in churning is vital for productivity growth (Haltiwanger, 2012).

Human resource churning in the institutional and social context

Due to the economic context and technological innovation, organizations are confronted with the problem of competition. The competition aims to attract the best workers in their field, leading to the occurrence of human resource churning. As previously discussed, this phenomenon arises from worker dissatisfaction concerning working conditions, namely work environment, compensation, leadership style, training needs, and lack of career progression (Kamalaveni et al. 2019).

In the 1930s, Schumpeter (1976) put forward the idea that the economy does not grow but evolves, similar to how individuals seek to improve their living standards, calling this process creative destruction. Currently, the churn phenomenon operates on the same principle. The paradox that Schumpeter (1976) mentions is implicit in either term: innovation is the expression of individual pursuit of personal advancement while simultaneously being the cause of economic hardship.

As a result of the economic context in which the labor market is inserted and taking into account the expectations of each worker, it is their right to decide whether to stay or leave their organization in order to meet their needs (Pirrolas & Correia, 2021a).

Davis et al. (2008) report that economic instability raises anxiety and concern among citizens, the business sector, and policymakers. However, the economy is expected to pick up and regain its sustained growth after a recession or economic slowdown.

The diversity of economic life for both companies and workers has created a problem. Business owners typically lower their workflow during the economic recession, while in times of economic expansion, they tend to increase their workflow, thus generating an increase in the churning rate driven by the rise in new job opportunities within the labor market (Kerr, 2018).

As mentioned earlier, the phenomenon of human resource churning is associated with the cost-related consequences of voluntary departures, consisting of the difference between the flow of workers and the flow of employment (Burgess et al., 2000).

In order to calculate the churning rate, Burgess et al. (2000) mention calculation formulas resulting in the sum of hires (H) (replacements) and separations (S) (voluntary departures) over the total number of workers (ΣE) in the organization.

Presenting the following calculation formula:

$$CF = WF - JF / \Sigma E \times 100\%$$

The initials stand for CF (churning flow), WF (worker flow), JF (job flow), and ΣE (total employees/workers of the organization).

Economic theory explains labor churning based on models of voluntary departures or matching. When voluntary departures occur, the company is usually forced to hire new employees, bearing the transaction costs of this process. Voluntary departures occur mainly in times of economic growth and low unemployment, resulting in an inverse relationship between churning and unemployment (Orellano et al., 2009, p. 136).

Lazaer and Spletzer (2012) mention two types of hiring: 1. due to increased productivity resulting from business growth and 2. due to replacements of workers who have left the organization, *i.e.*, hiring can be derived from expansion or associated with human resource churning. Similarly, separations reflect a decrease in the organization's size or the departure of workers who are replaced by new workers to cope with the workload.

Nonetheless, the significance of this phenomenon, arising from the expansion of organizations along with hirings and separations, varies in accordance with the economic cycle, which provides a more distinct understanding of the labor market's behavior during periods of economic slowdown and recovery.

After an economic recession, employment is usually the last indicator of recovery due to the time it takes for organizations to stabilize and start hiring again (Bown, 2011). However, during economic stability, dissatisfied workers, usually regarded as the most talented in organizations, take advantage of the increase in job offers to reposition themselves in the labor market by seeking better working conditions (Lazear & Spletzer, 2012; Hudson, 2015).

In this sense, Deshwal (2015) refers to these talented workers as the key workers, *i.e.*, the most experienced, dedicated workers who are aligned

with the organization's goals and who contribute to the success and recognition of the organization. For Davis et al. (2008), it is important for policymakers, citizens, and researchers to understand the complex role of the economy in an organization. Business owners frequently factor in the costs of a churning process when determining whether to continue operating or shut down their business. Therefore, the impact of the economy on society can be both beneficial and detrimental on a personal and organizational level.

Economic dynamism and disruption have a global impact both at the organizational level, impacting its productivity, and at the societal level, in the creation or destruction of employment, thus affecting the occurrence of human resource churning (Davis et al., 2008).

According to a study by Haltiwanger et al. (2012), amid a recession, it's often observed that smaller and more established companies experience an increase in job losses. Conversely, during times of economic expansion, there is a higher percentage of human resource churning, a phenomenon marked by numerous workers leaving their positions, often driven by the prospect of advancing their careers by changing their employer.

The role of human resource management in mitigating churning derived from the economic context

In order to deal with the problem of human resource churning derived from the economic context, according to Schumpeter's (1976) principle, organizations need to adapt to the realities experienced in each economic period and evolve accordingly. Schumpeter (1976) notes that living standards have changed, as have trends and the freedom to seek better opportunities and a better quality of life. In line with this, organizations must develop strategies to both attract and retain a skilled workforce while taking into account society's ongoing change, which generates heightened competition across sectors irrespective of industry, with the ultimate goal of positioning themselves as labor market leaders within their respective areas.

Schumpeter (1976) describes capitalism as a method of economic change that can never be stationary. As a result, organizations must focus on innovation in terms of consumer goods, new production methods, and methods of dealing with workers, as well as consider hours worked, excessive workload, wages, working conditions, and stability to minimize the problem of competition.

By investing in innovation, organizations contribute to reducing the rate of human resource churning, *i.e.*, an innovative company is generally expected to have the capacity to provide better working conditions. However, in order for organizations to maintain a competitive edge and retain their workforce, they must constantly perform market research to innovate in response to the competition, whether in terms of productivity, productivity methods, or organizational policies and practices (Cappelli & Neumark, 2004).

Corseuil et al. (2013) describe churning as a paradox since, as hiring rates rise, the number of departures from organizations also grows, increasing the churning rate. This is, therefore, understood as a pro-cyclical process, *i.e.*, during economic expansion, workers tend to secure higher positions; given the increase in the job supply, this is when its highest rates occur simultaneously.

In order to minimize this problem, it is up to organizations to understand its causes and take effective retention measures to retain the best employees and implement or improve existing organizational policies (Mobley, 1992).

Taking into account the previously mentioned aspects, even though churning is derived from economic conditions, organizations must remain prepared to adapt to potential fluctuations due to different economic cycles. This entails assessing the prevailing organizational policies and practices to ensure workers' well-being and satisfaction, thereby fostering a conducive environment for them to remain in the organization and contributing to the reduction of the churning rate (Burgess et al., 2001; Zhao et al., 2018).

In order to measure the rate of human resource churning, Burgess et al. (2000) describe the churn rate as an indicator that measures the voluntary departures of workers from an organization. Based on the findings derived from this indicator, organizations gain an insight into the necessity of implementing preemptive strategies to enhance employee retention. Therefore, if an organization is losing workers, *i.e.*, has a high churning rate, it indicates a problem that needs to be addressed. This means it is necessary to identify where the weaknesses lie and take measures in order to prevent future voluntary departures (Ekawati, 2019).

The implementation of predictive modeling would be beneficial in understanding the reasons for human resource churning, as it would provide the opportunity to adopt retention strategies and plans, create new recruitment strategies, as well as better team management planning (Saradhi & Palshikar, 2010).

Considering the varying levels of performance, motivation, and individual aspirations among workers, those who showcase exceptional work and possess specialized knowledge are deemed more valuable to the organization and are. Therefore, individuals are referred to as talent that the organization is interested in retaining.

Although there is no concise definition of talent (Ishiyama, 2021), Collings and Mellahi (2009) state that this concept is associated with human resources' exceptional traits, capabilities, and skills.

Hudson (2015) considers talent to be employees who stand out in the organization due to their experience, knowledge, performance, and skills and are thus considered an asset to the organization's development.

Against this background, predictive models of human resource churning would be an asset since their main goal is to accurately identify the predictability of its occurrence and detect which workers are regarded as talent, resulting in an overall beneficial process for the organization and contributing to cost reduction (Saradhi & Palshikar, 2010).

In addition to the economic context, according to Saradhi and Palshikar (2010), a few causes are related to labor conditions, presenting negative aspects due to conflicts with managers and/or colleagues, lack of recognition, lack of benefits, low wages, poor working conditions, lack of rewards, and positive aspects, related to the increase in the level of employment in the economy enabling workers to find new jobs, which allows them to obtain better working conditions and thus satisfy their needs and aspirations.

Other authors, such as Zhao et al. (2018), refer to job satisfaction and loyalty, more attractive salaries, and the possibility of development and career progression as retention factors. The possibility of recruiting human resources by competing companies involves attracting skilled personnel with experience and expertise, which becomes an advantage for the competing company and a threat to the company that lost this resource, as well as its investment, due to the lack of retention strategies (Garcia et al., 2017).

Thus, churning is associated with a cyclical process related to economic flow. Therefore, it is important to understand the reason for departures, either through exit interviews, performance evaluation of these workers, identifying patterns and trends, and simulations, as well as to understand changes in the behavior of workers and teams so that the organization can act by implementing corrective or preventive retention measures (Saradhi & Palshikar, 2010; Burgess et al., 2001).

METHODOLOGY

This essay follows a theoretical approach in order to contribute towards accomplishing the overall objective: to analyze how institutions and society deal with human resource churning derived from the economic context. To make such accomplishment feasible, two specific objectives were established: the examination of the key variables impacting churning within the economic context and the creation and analysis of a theoretical model. The research question that emerged was: “How do institutions and society deal with the occurrence of churning arising from the economic context?”

In order to accomplish the established objectives and answer the research question, the following variables were selected based on the literature review: human resources churning, economic context, and human resources retention strategies, described in Table 1.

Table 1

Variables designed to analyze human resource churning derived from the economic context

Variable	Source and reference concepts
Human resource churning: Due to the complexity and multiple definitions of human resource churning, this research focuses on the costs that result from replacements, <i>i.e.</i> , this concept primarily revolves around the costs related to replacing workers who leave voluntarily, in other words, human resource churning is only associated with the hiring costs derived from replacements.	Authors' own creation based on the concept of human resource churning (Pirrolas & Correia, 2022b).
Economic context: Related to the economic cycles experienced in certain periods. This research considered three periods (recession, economic expansion/recovery). Human resource churning is impacted by the economic context, which relates to labor and worker flows. During a period of recession, the churning rate tends to be reduced (due to the reduction of job offers), as opposed to a period of economic expansion/recovery (in which employment opportunities increase).	Authors' own creation based on the concept of economic context (Burgess et al., 2000; Ilmakunnas & Maliranta, 2005).

(continues)

Table 1 (conclusion)***Variables designed to analyze human resource churning derived from the economic context***

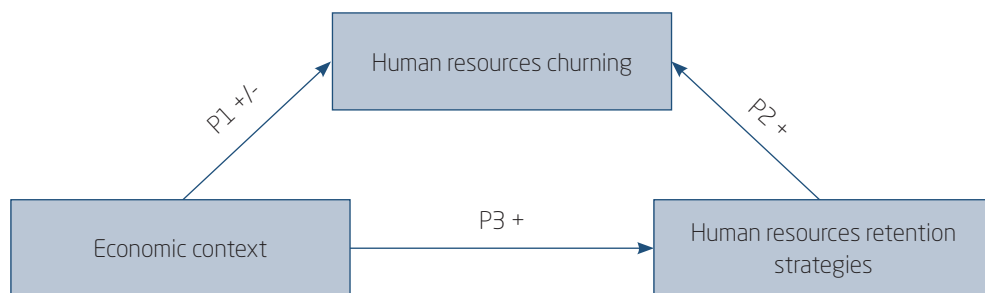
Variable	Source and reference concepts
<p>Human resources retention strategies: A result of the economic context in which the labor market is inserted and taking into account the expectations of each worker, it is their right to decide whether to stay or leave the organization in order to meet their needs and expectations. Given this issue, employee retention is crucial for the organization because employees are the driving force to achieve the expansion and attainment of the organization's goals and objectives. Therefore, we predict that employee retention is the ability of the company to motivate employees so that they remain in the organization, which involves a constant balance between the needs of employees and the strategic and financial needs of the business. Employee retention is a technique adopted by organizations to maintain an effective workforce while meeting operational requirements.</p>	<p>Authors' own creation based on the concept of human resource retention strategies (Pirrolas & Correia, 2021a; Chandrasekara, 2020; Deshwal, 2015).</p>

Considering the selected variables, a theoretical model was developed to explain the impact of the economic context on human resources churning and how organizations act to minimize its occurrence.

It should be noted that the criterion for selecting the variables that comprise the model above (Figure 1) was based on the frequency with which they appeared in the literature on the subject under investigation, and that enabled a response to the previously outlined objective.

In order to analyze their theoretical veracity, three propositions were formulated:

- **P1:** *The economic context impacts the occurrence of human resource churning, depending on the period experienced.*
- **P2:** *When organizations apply human resource retention strategies, they have a positive impact on the occurrence of human resource churning.*
- **P3:** *The economic context has a positive impact on the implementation of human resource retention strategies.*

Figure 1**Theoretical model of the economic context in human resource churning****THEORETICAL MODEL RESULTS**

Given that economic conditions during a specific economic period act as the main driver for churning, *i.e.*, the economy cycles exert an influence on the churning rate during certain periods, causing fluctuations, particularly during periods of economic recession when the job supply diminishes, the process of switching jobs becomes more challenging, prompting workers to decide to remain in their current organizations, thereby resulting in a decrease in the churning rate during these periods. Comparing the above scenario with periods of economic recovery or expansion, the rise in job opportunities creates opportunities for changing jobs. This shift can result from employee dissatisfaction within their current organization, motivating them to explore better working conditions, or result from personal reasons. Consequently, the churning rate tends to experience an increase (Lazaer & Spletzer, 2012). Following the preceding, Kerr (2018) states that organizations need to adapt and evolve according to the experienced economic reality.

According to the theoretical rationale, we can confirm the veracity of proposition 1.

- **P1:** *The economic context impacts the occurrence of human resource churning, depending on the period experienced.*

Organizations that act on human resource retention strategies in order to mitigate the churning rate by retaining their best workers through implementing and improving organizational practices and policies have been successful (Hudson, 2015). As human resources are key to the success of organizations, they must implement and/or adjust existing organizational

policies to the economic reality experienced in order to minimize the churning rate (Zhao et al., 2018). In addition to taking into account the economic context experienced, organizations must also consider workers' needs and expectations in order to contribute to satisfaction, loyalty, and good personal relationships, minimizing the occurrence of churning.

Highlighting an added value, Hudson (2015) mentions identifying worker needs and using organizational conditions to implement strategies that encourage satisfaction, good working conditions, well-being, and motivation in order to minimize workers' intention to leave the organization for a competitor and, in turn, reduce the rate of human resource churning.

Therefore, we can confirm the veracity of proposition 2.

- **P2:** *When organizations apply human resource retention strategies, they have a positive impact on the occurrence of human resource churning.*

The economic context has a positive impact on human resource retention strategies, as the economic situation requires adaptations to the strategic improvement of human resource retention according to the period experienced during the economic situation. Currently, one of the main concerns of organizations is the retention of their best workers, which becomes a lost investment when they leave the organization, taking with them all the knowledge acquired in the organization and in whom they have invested to achieve the necessary development to perform their work with expertise in order to meet and expand the goals set by the organization (Steil et al., 2016). Thus, worker retention is characterized by an organization's capacity to retain its best workers through the improvement and implementation of strategic measures that address the individual needs of each worker while also taking into account the prevailing economic conditions of the given period. This process requires adaptations to be made in order for the entire retention process to run smoothly. Understanding and considering the effects of economic cycles on human resource retention is necessary, as studies show that workers tend to stay longer in the organization during periods of recession compared to periods of economic recovery/expansion (Steil et al., 2016).

According to the rationale presented, we can confirm the veracity of proposition 3.

- **P3:** *The economic context has a positive impact on the implementation of human resource retention strategies.*

FINDINGS, LIMITATIONS, CONTRIBUTIONS AND RECOMMENDATIONS FOR FUTURE STUDIES

This theoretical essay based on the review of the literature has enabled the accomplishment of the overall objective of analyzing how institutions and society deal with human resource churning derived from the economic context. The creation and analysis of a theoretical model of the economic context in human resources churning were used in order to theoretically analyze the veracity of the propositions described above.

Through its analysis, it was possible to conclude and corroborate that churning is related to economic cycles in a given period and that it is during recession periods that there is a lower rate of human resource churning derived from a decrease in job offers which, in turn, causes workers to tend to remain in their current organizations. Conversely, in periods of economic recovery, due to increased job offers, the rate of human resource churning also increases due to the departure of dissatisfied workers who seek better working conditions (Burgess et al., 2000).

As Schumpeter (1976) points out, churning is regarded as a process of creative destruction that is linked to the economic context. Nonetheless, human resource churning can represent a positive aspect as it is related to an increase in the level of employment, which, despite increasing the rate of churning, also indicates a favorable economic context for the country (Saradhi & Palshikar, 2010).

Regarding strategic measures for retaining human resources, taking into account human resource churning as a phenomenon linked to the economic environment, there are fluctuations when it comes to adopting actions to enhance employee retention. These fluctuations occur due to economic cycles related to specific periods, *i.e.*, during times of increased economic stability, organizations are inclined to expand their workforce (Saradhi & Palshikar, 2010). As the number of job offers increases, the rate of human resource churning also increases, as the likelihood of dissatisfied workers finding better working conditions that meet their expectations and needs grows (Saradhi & Palshikar, 2010).

To address this issue, organizations should develop and act with strategic measures to make their working conditions more appealing, increasing their satisfaction in staying in the organization and thus retaining their workers and avoiding costs with replacements.

In line with the above, it is important to act by adopting measures according to the economic context and the needs and expectations of workers (Steil et al., 2016).

Considering that human resource churning is associated with a cyclical process related to economic flows (Burgess et al., 2000), companies that fail to apply strategic measures to retain human resources end up at a disadvantage. This disadvantage materializes because they fail to take advantage of their invested human resources and are faced with new costs arising from replacements derived from these voluntary departures (Burgess et al., 2000; Hudson, 2015).

One of the main contributions of this theoretical essay is the possibility of deepening and disseminating a topic that remains underexplored both in terms of existing literature and empirical studies. This highlights the relevance of investigating human resource churning within the economic context. Furthermore, this study offers an opportunity to reflect on the importance of understanding how organizations perceive the need to address churning, aiming to mitigate its frequency and subsequently decrease costs linked to replacing voluntarily departed workers from the organization.

As for the limitations in the course of this research, there is a scarcity of literature and relevant studies on the subject, making it impossible to deepen the topic and analyze its relationship with the other variables and the collection of potential retention strategies implemented by organizations.

Despite the knowledge gained through this theoretical essay, we propose the use of empirical data in order to complement and substantiate the theory presented as a future study. In addition, we suggest analyzing each variable's impact on the other variables through statistical analysis so that organizations can have a sense of the relevance of operationalizing human resource churning, with the aim of reducing costs, taking into account the economic context experienced.

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