

The Effect of Employee Absenteeism and Turnover on Innovation and Organizational Performance

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ABSTRACT

This research was conducted to determine the influence of employee absenteeism and turnover on innovation and organizational performance. The variables used in this research are employee absenteeism and turnover, where how much influence these two variables have on the success of innovation and organizational performance. The data collection method uses literature study which is then searched for research gaps from several articles/journals in this research. The research results show that employee absenteeism and turnover have a negative and significant effect on innovation and organizational performance. The higher the level of employee absenteeism, the more difficult it will be for the employee to contribute to organizational performance. This means that the higher the level of absenteeism, the lower the innovation and organizational performance. High employee turnover can also affect organizational performance and innovation. Frequent loss of competent employees can hamper innovation and organizational performance. This means that the higher the employee turnover rate, the lower the innovation and organizational performance. To improve organizational performance, innovation is very important. If a company has an environment that supports innovation, its employees can become more innovative and creative. This means that innovation has a significant positive effect on organizational performance.

Keywords: Absenteeism, Employee Turnover, Organizational Innovation, Organizational Performance

INTRODUCTION

Every organization requires human resources who have high integrity and personality, resources who have reason, feelings, desires, knowledge, motivation and the ability to make decisions. The success of an organization can be measured from the performance of both employee performance and the performance of the organization itself. This indicates that the two have a close relationship and influence each other. To achieve organizational goals and targets, good employee performance is one of the key factors, while successful organizations are also able to create a work environment that supports improving employee performance. When employee performance is optimal, the organization or agency will find it easier and more efficient to achieve its goals. Likewise, when an organization is able to create a positive and conducive work environment for employees, employees feel motivated and appreciated, they will be more enthusiastic to provide their best performance.

The success of an organization really depends on the performance of its employees. The number of employee absences and turnover is one of the factors that can influence employee performance. High levels of absenteeism and turnover can have a negative impact on innovation

and overall organizational performance, so management must understand the influence of employee absenteeism and turnover on innovation and organizational performance. The success of an organization is very dependent on the performance of its employees. One factor that can influence employee performance is the level of employee absenteeism and turnover. High levels of absenteeism and turnover can have a negative impact on an organization's overall performance and innovation. Therefore, management must understand how employee absenteeism and turnover impact organizational innovation and performance.

Several studies show that high levels of employee absenteeism and turnover can have a negative impact on organizational innovation and performance. This statement is in line with research conducted by Hancock et al. (2013) which shows that high employee turnover rates can hinder innovation and creativity in organizations. This is because losing experienced employees can reduce an organization's knowledge and expertise, as well as reduce the continuity of implementing innovative projects. Other research conducted by Tran & Tian (2019) shows that high levels of absenteeism can reduce overall organizational performance and productivity. High absenteeism can disrupt workflow, increase the workload of other employees, and reduce the team's ability to collaborate. This research suggests that organizations need to manage employee absenteeism and turnover well through retention strategies, employee development, and increasing job satisfaction to encourage innovation and better performance.

These two things are interrelated in the concept of human resource management. High levels of turnover and absenteeism can have a negative impact on organizational performance, including in terms of innovation. Absenteeism is when an employee is not present at work when he is supposed to. There are many reasons for absenteeism, such as illness, permission, leave, or no clear reason. A high number of absenteeism can disrupt the performance and productivity of an organization. The number of employees who leave an organization within a certain period of time, either voluntarily or involuntarily, is called employee turnover. This can happen for a variety of reasons, including uncompetitive salaries, low levels of employee satisfaction, a poor work environment, and a limited number of opportunities for career advancement.

Innovation is the key to surviving and competing in the competitive and dynamic modern business world (Crossan & Apaydin, 2010). Organizations that are able to innovate can create new products or services, increase process efficiency, and develop business models that are superior to their competitors (Oke et al., 2013). The ability to innovate also allows companies to anticipate and respond to market trends and create new opportunities (Jiménez-Jiménez & Sanz-Valle, 2011). This is very important to survive and thrive in the long term. Employee absenteeism refers to the amount of time an employee spends away from work during normal working hours. Absenteeism or absenteeism can be caused by various reasons such as: illness, permission, leave or even without

a clear reason/no explanation of absence. As (Robbins and Judge 2013) state that high levels of absenteeism can have a negative impact on organizational productivity and effectiveness. The negative impacts are as follows:

1. Decreased work productivity and efficiency, due to lost work time.
2. Increased workload for other employees who have to back up/cover the work of absent colleagues.
3. Declining employee morale and motivation, which can trigger high turnover rates.
4. Increased organizational operational costs, especially related to overtime wages and recruitment of new employees.

Saraih et al. (2017) emphasize that organizations must effectively pay attention to and manage employee absenteeism levels if they want to maintain good performance, productivity and efficiency in the long term. This means stating that high absenteeism can have a negative impact on productivity efficiency and organizational performance including:

-Absenteeism will reduce the amount of output that employees can produce.

By reducing the resources that can be allocated to productive activities, organizations must incur additional costs to replace absent employees.

-Organizations must prepare resource reserves to deal with absenteeism, because absenteeism can disrupt work flow and reduce work efficiency.

-Organizational Performance: High levels of absenteeism can weaken employee morale and motivation, which in turn can reduce their commitment to the organization.

-Employee absence can cause the quality of services or products produced to decrease.

An organization can miss opportunities to become more innovative and more competitive. Thus, organizations must focus on paying attention to, managing and controlling employee absenteeism levels effectively in order to maintain work productivity and organizational performance, by motivating employees to improve work discipline.

Employee turnover is when an employee leaves an organization (Mobley, 1982). Turnover can occur voluntarily (voluntary turnover) or involuntary (involuntary turnover). Voluntary turnover occurs when employees choose to leave the company for personal reasons, such as getting a better job elsewhere, wanting to change careers, or other reasons. In contrast, involuntary turnover occurs when a company chooses to end an employment relationship for certain reasons, such as layoff, contract termination, or reorganization. Mobley (1982) states that a high turnover rate can have a negative impact on an organization, namely increasing costs for recruiting, selecting and educating new employees, loss of knowledge and experience of employees who leave, reducing productivity and service quality because there is no continuity. Lowers the morale and motivation of remaining workers. the organization does not develop well in the long term.

Therefore, to maintain competitiveness and sustainability, companies must pay attention to and manage employee turnover rates effectively. There is also research which states that high turnover rates can cause large costs for recruitment and training and reduce organizational stability (Hancock et al., 2013). High turnover rates can lead to large costs for recruitment and training and reduce organizational stability, according to Hancock et al. (2013), including:

- Recruitment and training costs: To search for, select and train new workers to replace employees who leave, organizations have to incur significant costs for job advertisements, selection tests, interviews, orientation, training. An organization's turnover rate is positively correlated with the costs incurred in recruiting and educating new employees.
- Decreased organizational stability: Organizations with high turnover rates can disrupt workflow, knowledge transfer, and operations.

A high turnover rate can reduce a company's ability to maintain product or service quality. Losing experienced employees can also disrupt the stability of work teams and inter-departmental coordination. This can hamper a company's ability to innovate and achieve its long-term goals. Based on the description above, the results of this research emphasize that organizations need to manage employee turnover rates effectively to minimize costs and maintain organizational stability needed to achieve optimal performance. According to Damanpour and Gopalakrishnan (2001), organizational innovation is the process of developing and implementing new ideas to improve organizational performance. Innovations may include different products, procedures, organizational structures, or management practices. According to Damanpour and Gopalakrishnan (2001), organizations can: increase productivity and operational efficiency.

Develop business processes that are more flexible and responsive to market changes to increase the company's competitiveness and position in the market. Meanwhile, according to research by Subramaniam and Youndt (2005), organizations can gain sustainable competitive advantage through innovation. It allows organizations to: create goods or services that are unique and difficult for competitors to imitate; developing more efficient processes that reduce costs; quickly adapt to changing market trends and customer needs; increase market share and maintain industry leadership position. To achieve superior and sustainable performance in the long term, innovation can be an important source of competitive advantage for companies.

According to Daft (2012), organizational performance refers to the extent to which an organization succeeds in achieving its stated goals and objectives. These goals and objectives are usually reflected in the organization's vision, mission and strategy. Some important points in this statement:

- Organizational goals and objectives: An organization should have clear goals and objectives, whether they relate to financial, operational, customer, or other aspects, so that the organization can evaluate its performance based on these goals.
- Achievement of goals and objectives: The performance of an organization is assessed based on how successfully it achieves its goals and objectives. Organizations that achieve their goals and objectives well are considered to have high performance.
- Performance evaluation: An organization must periodically evaluate its performance by comparing the results achieved with the goals and objectives that have been set. This evaluation can be carried out using various performance measures, such as profitability, productivity, customer satisfaction, and other predetermined targets. Success in achieving organizational goals and vision is demonstrated by this measure.

The research results of Tseng & Lee (2014) state that there are several main indicators that can be used to measure organizational performance, including:

1. productivity, which measures how efficiently resources (such as capital, raw materials, and labor) are used to produce output. Output per hour worked, output per worker, or output per unit of other input can be used as indicators of productivity. Organizations that have high productivity are considered to have good performance.
2. Profitability. The ability of an organization to generate profits or profits is called profitability. Profitability indicators can be profit margin, return on assets (ROA), return on equity (ROE), or other profitability measures. Organizations that are able to generate high profitability are considered to have good performance.
3. Growth: The ability of an organization to increase the size of its business, such as sales, assets, or market share, is called growth. Growth indicators can be an increase in sales, assets, or market share. Organizations that can achieve high levels of growth are considered to have good performance.

Thus, organizational performance is defined as the organization's achievement of previously established goals and objectives. This achievement serves as a measure of the organization's success in achieving its vision and mission. Organizations can measure their performance using indicators such as productivity, profitability, and growth. This allows him to get a holistic view of his performance and discover which areas need improvement.

RESEARCH METHODS

This research is a type of research in the form of a literature review/literature study. Sugiyono (2007) states that the qualitative research method is research used to research natural objects where the researcher is the key instrument, data collection techniques are carried out in a

combined manner, data analysis is inductive, and the results of qualitative research prioritize meaning rather than generalization. The procedures in this research were carried out by selecting a theme, exploring information, determining research direction, collecting data sources, presenting data, and compiling a report. In data collection, the author collected reference data related to achieving organizational performance goals (employee absenteeism, employee turnover, innovation and organizational performance). The reference sources obtained are research results from several journals, both international journals and national journals. In qualitative writing, data presentation can be done in the form of short descriptions, charts, relationships between categories and the like, but what is most often used is narrative text, Sugiyono (2005).

RESULTS AND DISCUSSION

The Effect of Employee Absenteeism on Innovation and Organizational Performance

High employee absenteeism can hinder innovation and company performance. It is difficult for employees who are frequently absent to make their best contribution to the organization. High levels of absenteeism can also disrupt work continuity and innovation processes. A study conducted by Anitha (2014) shows that high absenteeism can cause employees to be less involved, which in turn can cause organizational performance to decline. High employee absenteeism can hinder organizational progress and performance. This is because: Employees who are frequently absent will find it difficult to make their best contribution to the organization (Cascio, 2015); High levels of absenteeism can disrupt work continuity and innovation processes. Collaboration, communication, and integration between employees is necessary in the innovation process, and high absenteeism can disrupt this continuity and hinder the development of new products or services (Lewin & Zhong, 2013). In addition, research conducted by Anitha (2014) shows that high employee absenteeism can reduce employee engagement, namely their level of involvement and commitment to the organization. Ultimately, overall organizational performance will decline as a result of this decline in employee engagement.

Based on the description above, which is based on several research results conducted, it can be concluded that employee absenteeism has a negative and significant effect on organizational innovation. And the higher the level of employee absenteeism, the lower the level of innovation and organizational performance.

The Effect of Employee Turnover on Innovation and Organizational Performance

High employee turnover can also affect organizational performance and innovation. Losing competent and experienced employees can lead to a loss of knowledge and skills that are difficult to replace, hindering the innovation process and reducing overall organizational performance. According to research conducted by Park and Shaw (2013), high employee turnover rates do not

correlate with organizational performance. A high number of employee turnover can affect organizational performance and innovation. This is caused by:

1. Losing skilled and experienced employees can result in a loss of knowledge and skills that are difficult to replace. According to Hancock et al. (2013), employees who leave a company take with them the experiences, connections and insights they learned there.
2. The loss of this valuable human resource can hinder the innovation process and reduce overall organizational performance. Innovation requires collaboration, knowledge transfer, and learning from experience. High turnover can break this flow and hinder an organization's ability to innovate (Hancock et al., 2013).

According to research conducted by Park and Shaw (2013) shows that high employee turnover has a negative correlation with organizational performance. The higher the turnover rate, the lower the overall organizational performance.

The Relationship Between Innovation and Organizational Performance

To improve organizational performance, innovation is very important. The performance of innovative organizations is usually better than organizations that are less innovative. Shanker et al. (2017) found that a work environment that supports innovation can improve organizational performance by encouraging employees to act in new ways. Shanker et al. (2017) found that a work environment that encourages innovation has the potential to improve organizational performance. This is due to the fact that a work environment that encourages innovation will encourage employees to do new and innovative things. An inventive space will: encourage employees to take calculated risks and research new concepts; facilitating employee collaboration and knowledge exchange, encouraging innovation processes; giving employees the freedom and autonomy to innovate in accordance with organizational goals. Based on the description above, if a company has an environment that supports innovation, its employees can become more innovative and creative. Ultimately, this will improve overall organizational performance (Shanker et al., 2017). Thus, the results of the analysis above show that innovation has a significant positive effect on organizational performance.

CONCLUSION

The following conclusions can be drawn from the article "The Effect of Employee Absenteeism and Turnover on Organizational Innovation and Performance" as follows:

1. Impact of Employee Absenteeism:

The perceived impact of employee absenteeism is that new ideas are reduced and the process of creating new products or services is delayed, which hinders organizational innovation. It also

reduces productivity, increases the workload of other employees, and reduces the quality of service, thereby reducing organizational performance.

2. Impact of Employee Turnover:

Loss of employee talent and expertise, difficulty retaining and growing the knowledge base, and longer time to generate new ideas impact organizational innovation. In addition, it can increase recruitment and training costs, reduce operational efficiency, and reduce employee morale and motivation, thus having a negative impact on organizational performance.

3. Attendance and Turnover Management Strategy to Increase Organizational Innovation and Performance:

Creating a culture that supports innovation within the organization. To attract and retain talent, use a competitive compensation and benefits system. Apart from that, it can improve employee competency development programs to increase employee participation and commitment.

Overall, the research results show that employee absenteeism and turnover have a significant negative influence on innovation and organizational performance. High levels of absenteeism and turnover can reduce productivity, efficiency, and organizational stability, and hinder the development and implementation of new ideas. Therefore, organizations need to manage employee absenteeism and turnover effectively, for example through comprehensive human resource management policies and practices.

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