Theoretical Background
Chapter 3
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The natural propensity of human beings is to evaluate his or her workplace and thereby develop feeling of liking or disliking towards the job they are performing. Job satisfaction essentially represents employees’ overall evaluation of their job, including feelings of positive affect towards their job or job situations (Locke, 1976; Spector, 1997a). Organisational commitment, which is closely related to and more often an outcome of job satisfaction, represents employees’ feelings of attachment and loyalty toward an organisation. Therefore, the employees’ feeling towards the job and the organisation is expressed through his or her behavioural component. But, compared to the affective and cognitive components of job satisfaction, the behavioural component is often less informative because one’s attitudes are not always consistent with one’s behaviour, e.g. an employee may dislike his or her job but still remain employed there because of financial, social or other external compulsions (Fishbein, 1979).

It has been observed that when employees who have relatively high human capital value and often comprise organisation’s core human capital, voluntarily choose to leave organisations, bring about significant adverse and unfavourable influences on an organisation’s competitive advantage (Lee and Maurer, 1997; Shaw, 1999; Houkeslnde, 2001).
Generally, employee turnover has been studied from a micro perspective (i.e. to understand the individual-level decision making processes that characterized employee turnover decision) and paid little attention to examine the impact of employee turnover on organisational effectiveness. Abelson and Baysinger (1984) distinguished between optimal turnover and dysfunctional turnover. Optimal turnover occurs when poorly performing employees decide to leave an organisation (but in some cases, turnover may be optimal even if a high performing employee leaves because the cost of retaining the employee may be very high). Dysfunctional turnover, on the other, can be viewed in various ways. If an organisation’s rate of employee turnover is extremely high this can be very dysfunctional because of the fact that it translates into increased costs associated with constantly having to recruit and train new employees. Again, a constantly high turnover rate may tarnish the image of the organisation.

Job satisfaction\(^1\) and voluntary turnover are found to be more strongly related if an individual’s disposition is taken into account (Weitz, 1952). The individuals, specifically those high in positive affect\(^2\) (PA) are more likely to change jobs when they are dissatisfied with their jobs than individuals low in PA. Mobley (1977) argued that job dissatisfaction is translated into employee’s thoughts of quitting with the expectation that quitting will eventually result in a

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\(^1\)Job satisfaction is defined as ‘a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences’ (Locke, 1976; pp-1304).

\(^2\)Positive Affect can be defined as positive emotion or effect as feelings that reflect a level of pleasurable engagement with the environment such as happiness, joy, excitement, enthusiasm and contentment (Clark, Watson and Leeka, 1989)
more satisfying job. On the other hand, low PA individuals tend not to interpret situational conditions positively, they do not expect a new job to be more satisfying and therefore their impetus to quit job is small. Judge (1993) observed that job satisfaction and employee turnover is strongly and negatively related only for individuals high in PA. He also suggested that a logical extension would be to examine whether or not the relationship exists for the cognitive processes that often lead to turnover. High PA individuals who are dissatisfied with their jobs would experience more withdrawal cognitions or have a greater intention to quit. In addition to job satisfaction employee turnover is also a strong correlate of organisational commitment.

However, many theories have been developed in order to explain the employee turnover phenomenon, and it would be pertinent and necessary to explore the models of behavioural decision theory that have applied to the study of employee turnover.

3.1 Employee Turnover Process Model

It appears from most of the turnover models that job satisfaction plays a key role in the turnover process. Based largely on behavioural decision theory (Beach, 1993), Lee and Mitchell (1994) developed the *Unfolding Model* of the turnover process. The basic assumption of the Unfolding Model is that people generally do not evaluate their job or job situation unless they are forced to do so.
by some kind of ‘shocks$^3$ to the system’. Once an employee experiences a shock to the system, a number of outcomes are possible. If the employee had a preprogrammed response to a certain shock (based on previous experience), he or she may simply implement that when that event happens in the later years. If a preprogrammed response does not exist, employee will be engaged in controlled cognitive processing and consciously evaluate whether the shock that has occurred can be resolved by staying in the current organisation or not. The specific job alternatives offered by other organisations may be considered as shock to the system because it forces the employee to think consciously about his or her job situation and compare it to the outside job offer. In such a situation it is possible that the employee may be reasonably happy in his or her job but ultimately leave organisation simply because the offered job is a better one. Again, it may also happen that employee turnover is affect-initiated i.e. an employee may become dissatisfied with his or her jobs where there is no shock to the system. Lee and Mitchell (1994) explained that once an employee is dissatisfied, this may lead to a sequence of events, including reduced organisational commitment, more job search activities, stronger intentions to quit and a higher probability of employee turnover. This proposed sequence of events is very consistent with dominant affect-based models of the employee turnover process (Mobley, 1977).

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$^3$ *Shock* is simply any event that forces any employee insisting to review his or her job situation (Holtom, Mitchell, Lee and Interrieden, 2005).
The Unfolding Model of Lee and Mitchell (1994) is relatively new to the traditional affect-based process models (Lee et al., 1999; Lee et al., 1996). In recent years a major concept that has come out of the work on the unfolding model of employee turnover is *embeddedness*. Mitchell et al. (2001) defined *embeddedness* as the combination of forces (in one’s both personal and professional life) that keep a person from changing his or her employer. A person would be highly embedded in profession if he or she had a large social role in his or her current organisation. On the other, a high level of embeddedness in one’s personal life may be result from one’s family situation and a high level of community involvement. Lee et al. (2004) showed that embeddedness is a good predictor of voluntary employee turnover as well as behaviours.

### 3.2 Nature and Impact of Employee Turnover Causal Variables

#### 3.2.1 Job Satisfaction and Employee Turnover:

An important correlate of job satisfaction is employee turnover. In the organisations some kind of turnover is inevitable and in some cases may even be desirable. However, every high levels of turnover can be costly to organisations because it involves carrying out the process of recruiting, selecting and socialising a new employee. High levels of turnover may also have an adverse impact on the public image of an organisation and thereby increase the difficulty of recruiting. Some of the work on turnover aimed at simply documenting its relation with job satisfaction. But modeling has aimed at the role of job satisfaction in employees’ turnover decisions.
One of the earliest and most influential models of the turnover process was developed by Mobley (1977). His model proposed that employees’ decisions to leave a job are complex and consisted of multiple stages. In the first stage, an employee evaluates his or her exiting jobs and experience of satisfaction or dissatisfaction (depending on evaluation). After the evaluation if the employee is satisfied, the process is unlikely to go further but if the employee is not satisfied, this may lead to thoughts of quitting his or her job. The model allows the possibility of employees to express job dissatisfaction through the other forms, such as withdrawal or by simply putting forth less effort. Once dissatisfied employee begins to think about quitting his or her job, the next step in the model is some cognitive evaluation of whether a search will be successful and the various costs associated with quitting the present job. If an employee believes that a search will be successful and the cost associated with leaving are not prohibitive, he or she will then progress to the next stage in the model i.e. intention to search for the alternatives, otherwise simply adapt to the present situation. The model allows the possibility that the intention to search will be motivated by factors other than job dissatisfaction (e.g. desire to live in another location, attraction of offers by similar organisations). Even after searching, if an employee finds no alternative, he or she forced to adapt the present job and if alternatives are available the next step is to evaluate them.

The model proposed two standards of evaluation. One is that the alternatives are evaluated against the employees’ internal standard of judging the
acceptability of jobs as well as his or her present job. The other possibility is that
the individual may withdraw from the labour market completely and starts an
owned account enterprise. One may argue that people will automatically quit their
present jobs if a better alternative is available. But this may not be always true and
it can be better explained with the help of planned behaviour theory (which states
that a person may decline a more attractive job offer simply because he or she
does not have a positive attitude toward the act of changing jobs). Again,
normative differences may come into play as well (e.g. a person may come from a
family in which both parents worked for the same organisation during their entire
careers and thus may experience subtle normative pressure to remain employed
with the same organisation and not to be a job hopper. It is argued that intentions
may not always translate into actual behaviour. In the Mobley’s model, relatively
eyearly in the process (where quitting remained an abstract concept and not a
concrete choice that a person is faced with) an employee should evaluate the costs
associate with quitting. Thus, although the model is not very explicit, some
revaluation of the cost of quitting one’s job is likely to take place between the
intention to quit and the actual quitting.

The empirical researches supported Mobley’s model in two ways. First,
the studies that have tested the original model and variants of it (Hom et al., 1992;
estimated the correlation between job satisfaction and employee turnover. One
would expect intentions to be more strongly correlated with turnover than with
job satisfaction because intent is more proximal cause of job satisfaction. The authors observed that satisfaction-turnover and intention-turnover correlations were both stronger during periods of low (as opposed to high) unemployment. These findings are consistent with the role that job satisfaction is proposed to play in the turnover processes. These findings also suggest that the desire to find more satisfying work is often a driving force behind job changes.

Job satisfaction has been observed to correlate most strongly with attitudinal variables. The common attitudinal variables found in organisational research include job involvement, organisational commitment, frustration, job tension and feeling of anxiety. All these variables, to a large degree, reflect levels of affect. For job involvement and organisational commitment this affect is positive. The other variables reflect feelings of negative affect. Mathieu and Zajac’s (1990) comprehensive meta-analysis revealed that job satisfaction is positively related to multitudes that reflect positive affects, such as job involvement, positive mood and organisation-based-self-esteem (Spector, 1997a). Numerous occupational stress studies (Jackson & Schuler, 1985; Jex & Spector, 1996; Spector & Jex, 1998) have shown that job satisfaction has strong and negative relation with frustration, anxiety and tension. A criticism is that to establish relationship between job satisfaction and attitudinal variables, much of the research relied on self-report measures and cross-sectional design because a high level of job satisfaction may cause employees to have other positive feelings towards their jobs and that may lead to lower levels of negative feelings. Again, a
high level of job involvement coupled with a low level of frustration may lead employees to feel satisfied toward their jobs. It is also possible that such relations are the result of shared common causes such as job conditions (Fried & Ferris, 1987; Jackson & Schuler, 1985; Mathieu & Zajac, 1990).

Job performance is another correlate of job satisfaction. Vroom’s (1964) Expectancy theory proposed that employees would put forth more effort if they believe that effort could translate into high levels of performance and higher performance would lead to valued outcomes. If high levels of job performance ultimately lead to desirable outcomes then employees should be most satisfied with their jobs when they perform well and are rewarded for it. If viewed from this perspective, then job performance causes job satisfaction. The study by Podsakoff and Williams (1986) showed that the satisfaction-performance relation was moderated by the degree to which rewards are linked to performances and the most plausible causal sequence is from performance to job satisfaction, rather than the reverse. Schleicher et al. (2004) argued that job satisfaction would not predict job performance well when there was inconsistency between employees’ feelings and cognitive believes about their jobs. However, based on the accumulated empirical research, none could conclude the exact relationship between job satisfaction and job performance. Ostroff (1992) observed that although employees who are highly satisfied with their jobs may not necessarily perform better than employees who are more dissatisfied and this relation may be stronger at the organisational level. Schneider et al. (2003) have observed that (i)
there were significant influences of the company on individual report of job satisfaction, (ii) the pattern of relationships between job satisfaction and company performance over time revealed high levels of company performance were more likely to precede increases in job satisfaction than job satisfaction preceding company performance. This result suggests that highly performing companies end up with employees who are more satisfied than employees who perform poorly.

Job dissatisfaction is often manifested in absenteeism which is an indication of employee turnover intention. Absenteeism is an incident when employee is not showing up for work. However, in the absenteeism literature researchers typically make some distinctions with respect to the type of absentees. The most common distinction is between excused (due to some acceptable reasons e.g. illness, caring for sick family member) and unexcused (reasons unacceptable by the organisation e.g. decided to go for shopping) absences. From theoretical perspective absenteeism represents a common way in which employees may withdraw from their jobs (Hulin, 1991) and from practical perspective absenteeism is a very costly problem to organisations because when employees are absent, work may not get done or may be performed by less experienced employees. The meta-analysis of Hackett and Guion (1985) established weak relationship between job satisfaction and absenteeism and they also offered a number of explanations for this weak relationship. One explanation behind this weak relationship between job satisfaction and absenteeism appeared to be in the measurement of absenteeism itself. The other explanation is job
satisfaction represents a general attitude whereas absenteeism is a specific form of behaviour. According to Planned Behaviour theory (Ajzen, 1988, 2001) there is a complex pathway links general attitudes (such as job satisfaction) to actual behaviour. It is argued that job satisfaction may be weakly related to absenteeism because of failure to account for unmeasured variables such as normative standards surrounding attendance as well as attitudes towards being absent from work. Absenteeism has a low base rate (i.e. it does not occur frequently) and predicting a variable with a low base rate is problematic because most of the statistical procedures are based on the assumption that variables are normally distributed. The distribution may be so skewed that the true relationship between job satisfaction and absenteeism is seriously underestimated when common statistical procedures are used.

It has been consistently found that women tend to be absent from work more frequently than men (Farrell and Stamm, 1988; Steel and Rentsch, 1995; Vanden Heuvel and Wooden, 1995; Steers and Rhodes, 1978). Mathieu and Kohler (1990), Marttocchio (1994) found that group level believes regarding absenteeism (absence culture) is predictive of individual employee’s absenteeism. Frequency of absenteeism is found to be lower in organisations that have more strict absence control policies (Farrel and Stamm, 1988; Kohler and Mathieu, 1993; Majchrzak, 1987). It is observed that employee affect, demographic characteristics, absentee culture and absentee policies are the constituents of
absenteeism. But, having a strict absence control policy may not always reduce absenteeism (Majchrzak, 1987).

Understanding job satisfaction is however of theoretical importance to organisational psychologists as well as of practical interest to organisations. Accordingly, three general approaches are developed to explain job satisfaction. These are Job Characteristics approach, Social Information Processing (SIP) approach and Dispositional approach.

3.2.1A Job Characteristics Approach

According to ‘job characteristics’ approach, job satisfaction is determined primarily by the nature of employees’ jobs or by the characteristics of organisations in which they work. According to this view, employees cognitively evaluate their jobs as well as organisations to determine their relative level of satisfaction. For each facet of job, (includes pay, working conditions, supervisions etc.) employees make some assessment of what they are currently receiving. These perceptions are based on a number of factors, namely, the employees’ skills, the amount of time they have put into the job and the availability of other employment opportunities. In a recent meta-analysis by Williams et al. (2006) revealed that one of the biggest predictors of pay level satisfaction was how well an employee’s current pay is compared to other employees in the same organisation. This implies that employees base their satisfaction with their pay on comparison with others.
Actually the notion of job satisfaction depends on employees comparison of what he or she is currently receiving vs. ‘what is desired’ is reasonable. However, Locke (1976) criticized this as oversimplification and argued that employees differ in the importance they place on various facets of work. He proposed a theory known as range of affect theory. The basic premise of range affect theory is that different facets of the work are differentially weighted when employees make their assessments of job satisfaction. The job characteristics approach to job satisfaction is strongly ingrained in organisational psychology (Campion & Thayer, 1985; Griffin, 1991; Hackman & Oldham, 1980) and the empirical research from a variety of areas strongly support the idea that characteristics of the job and the job situation are robust predictors of employees’ level of job satisfaction (Ellickson, 2002; Fried & Ferris, 1987; Williams et al., 2006).

3.2.1B Social Information Processing (SIP)

Job characteristics approach to job satisfaction was criticized by the scholars on two grounds. First, the approach was criticized as inherently flawed because it was based on the assumption that job characteristics were objective component of work environment. According to them, jobs are ‘social constructions’ that exits in the minds of employees and are not objective entities. Second, they argued that job characteristics approach was based on the idea of need satisfaction. In the late 1970’s, the job characteristics approach was challenged by the Social Information Processing (SIP) theory (Salancik and
Pfeffer, 1977, 1978). Salancik and Pfeffer (1978) proposed two primary mechanisms by which employees develop a feeling of satisfaction or dissatisfaction. One of these mechanisms is based on Bem’s (1972) *Self Perception Theory* (which states that one’s prolonged tenure of service in an organisation may perceive as an indicator that he or she must really like the job and that is why the tenure of service in that particular organisation has prolonged). It also substantiates the view that employees look at their behaviours retrospectively and form attitudes such as job satisfaction in order to make sense of it. This view challenged the issue that employees hold stable attitudes towards their jobs based on objective features of the environment and instead argues that employees’ job satisfaction may fluctuate and often be based on features of the situation. The second mechanism (closely linked to SIP theory) is that employees develop attitudes such as job satisfaction through processing information from the social environment which was largely based on Festinger’s (1954) *Social Comparison Theory* (which states that people often look to others to interpret and make sense of the environment, e.g. a new employee who happened to interact with other employees who were dissatisfied with their jobs would also likely become dissatisfied).

The *Social Information Processing theory* had a strong impact within organisational psychology and other related fields. A flurry of research activity designed to test this theory was conducted (Adler *et al.*, 1985; O’Reilly & Caldwell, 1979; Weiss & Shaw, 1979; White & Mitchell, 1979) and revealed the fact that social information (in the form of verbal comments about task
characteristics) had at least as powerful an impact on job satisfaction and perceptions on task characteristics as the objective characteristics of the task. The field tests of this theory have been much less supportive than laboratory investigations (Jex & Spector, 1989). However, common sense and everyday experience suggests that social information does play a role in the formation of attitude of a person. One recent study by Ployhart et al. (2006) on rating of job satisfaction examined how the variability in personality within an organisation is related to employee reports of job satisfaction and found that employees working in an organisation where people differed widely in their personalities reported lower levels of satisfaction and vice versa. The general pattern of personality traits in an organisation was also found related to job satisfaction.

3.2.1C Dispositional Approach

The most recent approach to explain job satisfaction is Internal Disposition. The basic premise of the disposition approach to job satisfaction is that some employees have a tendency to be satisfied (or dissatisfied) with their jobs, regardless of the nature of the job or organisation in which they work. This dispositional approach to job satisfaction can be traced to the work of Weitz (1952). Actually Weitz (1952) was interested in whether an individual’s general affective tendencies would interact with the job satisfaction to impact turnover. Staw and Ross’s (1985) investigation on the issue of the stability of job satisfaction revealed a statistically significant correlation between job satisfactions at two different points of time. This happened because of the fact that
many of those in the sample at one point in time had changed jobs and a new set of sample was chosen for estimating the level of job satisfaction in the next phase of investigation and thereby argued that the level of stability of job satisfaction was at least partially determined by dispositions. The study by Staw et al., (1986) provided impressive evidence of stability by showing that satisfaction in adolescence was predictive of job satisfaction in adulthood.

One major limitations of dispositional approach to job satisfaction is that it is in precise as to exactly which dispositions are related to satisfaction (Davis-Blake and Pfeffer, 1989). Most of the dispositional research focuses on documenting relations between specific traits and job satisfaction. Levin and Stokes (1989) observed that negative affectivity (NA) was negatively associated with job satisfaction and variance was independent of job characteristics (Connolly & Viswesvaran, 2000). At the same time, it has also been observed that positive analogues to negative affectivity, such as dispositional optimism and positive affectivity are positively related to job satisfaction (Connolly & Viswesvaran, 2000; Jex & Spector, 1996). The meta-analysis of Judge et al., (2002) found that the big five personality traits of extraversion, conscientiousness, openness to experience, agreeableness and neuroticism collectively correlated with job satisfaction. Ilies and Judge (2003) examined whether the big five personality traits and positive/negative affectivity would account for the genetic influences on job satisfaction. They found that genetic factors produce differences

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4*Negative affectivity* can be defined as a dispositional trait having to do with the predisposition to experience negative emotionality and distress (Watson & Clark, 1984).
in personality and affectivity which then leads individuals to report different levels of satisfaction.

So far we have discussed three general approaches, Job Characteristics, Social Information Processing (SIP) and Dispositions to explain employees’ level of job satisfaction in organisations. Modeling social influence with a high degree of fidelity in laboratory settings is extremely difficult (Hulin, 1991). Again, in case of dispositions research is still in its infancy. Hence, one may be considered that job satisfaction is a combined function of job characteristics, social information processing and dispositional effects.

### 3.2.2 Organisational Commitment and Employee Turnover

*Organisational Commitment* represents both the feelings and the behavioural tendencies that employees have towards the organisation. In a very general sense, *organisational commitment* can be thought of as the extent to which employees are dedicated to their employing organisations and they are willing to work on their behalf and the likelihood that they will maintain membership. Mowday et al., (1982) distinguish between ‘affective commitment’ and ‘behavioural commitment’. Meyer and Allen (1991) pointed out that there can be multiple bases of commitment, i.e., employees may be committed for different reasons and these reasons constitute unique forms of commitment. They proposed a three-component model of commitment consisting of affective, continuance, and normative commitments. An affective commitment reflects the extent to
which employees identify the organisation and feel a genuine sense of loyalty toward it. In contrast, continuance commitment is based on employees’ perception of the relative investments they have made in the organisation and the relative costs associated with seeking membership in another organisation. Normative commitment is based on employees’ feeling of obligation to the organisation wherein remaining a member is the morally right thing to do. Meyer and Allen (1997) illustrate the multiple form of commitment in a matrix where three bases of commitment are crossed with six distinct foci and revealed the multidimensional and complex structure of organisational commitment wherein one would have likely to get multiple answers from an employee regarding his or her commitment. However, Meyer and Allen (1997) found a positive relationship between affective commitment and variables such as job scope, participative decision making, job autonomy and perceived competence. The findings can be interpreted as employees develop feelings of active commitment if they see the organisation as a place where they can feel that they are important and competent. A recent approach to job attitude as a predictor of important behaviours in organisations combines job satisfaction and organisation commitment into a single measure of job attitude (Harrison et al. 2006). It would be interesting to see the relationship between organisational commitment and attitudinal variables such as absenteeism, employee turnover and job performance.
Affective commitment has found to be strongly related to work related attitudes. Mathieu and Zajac (1990) found significant correlation between affective organisational commitment and job satisfaction. Other consistent attitudinal correlates of affective commitments found in their meta-analysis include job involvement, occupational commitment, union commitment and stress. Compared to affective commitment, less empirical work has examined the relation between attitudinal correlates of either continuance or normative commitment (Meyer and Allen, 1997). Based on available evidences (Mathieu and Zajac, 1990) it appears that the affective commitment was more strongly related to job satisfaction and job involvement than the continuance commitment. The meta-analysis by Cooper - Hakim and Viswesvaran (2005) also revealed that job satisfaction appeared to be comparatively more correlated with affective commitment than with continuance commitment and normative commitment.

Again, the studies that have been done so far have shown neither of these forms of commitment (continuance or normative) to be related to absenteeism. It is highly expected that a negative relation would be there among the three forms of commitment and employee turnover and then it would be a positive thing for organisations. Recent study by Kammeyer Mueller et al., (2005) on organisational commitment and turnover adopted a longitudinal approach and assessed perceived costs of leaving the company, organisational commitment, critical events experienced by the employees and the other factors. Using survival analysis the
authors found that employees’ organisational commitment (assessed by Mowday and Steer’s measure) was a significant predictor of employee turnover over time. In general, affective commitment has found to be positively related to job performance although the magnitude of this relation is not strong (Cooper-Hakim and Viswesvaran, 2005; Mathieu and Zajac, 1990; Meyer and Allen, 1997).

Due to inherent difficulties of determining the mechanisms behind these relations, different scholars have used a wide variety of performance criteria measures. Konovsky and Cropanzano (1991) used supervisor’s ratings of overall performance, objective index have used by Shim and Steers (1994) and self-rating of performance have used by Baugh and Roberts (1994). One of the commonalities among these studies is that the relation between affective commitment and performance is mediated by employees’ effort. Employees who possess high levels of affective commitment tend to work harder and exert more effort than employees who possesses lower levels of positive commitment. In some cases, this higher level of effort will translate into higher levels of performance, although this is not always the case (Campbell, 1990, 1994). This link between affective commitment and effort suggests that commitment positively related to performance (primarily determined by motivation) when employees possess adequate ability and have some level of control over performance. This explains why it is generally found that affective commitment predicts organisational citizenship behaviour better than in role performance (Meyer and Allen, 1997; Organ and Ryan, 1995). The study by Sinclair et al.
(2005) found relatively strong correlation between the profiles of affective and continuance commitment with in-role and extra-role performance and the devoted employees were rated especially high by their superiors on measures of in-role and extra-role performance compared to other employees.

We have so far treated organisational commitment and job satisfaction as two separate constructs in keeping with the thinking and research in organisational psychology. However, a recent study by Harrison et al. (2006) examined the effects of combining organisational commitment and job satisfaction into an overall job attitude. These authors assess the ability of this overall job attitude to predict a combined measure of work related behaviour such as task performance, extra-role performance and employee turnover. They found that the overall job attitude and work related behaviour is highly correlated and this finding provided strong evidence that job attitudes are linked to broad measures of behaviour of employees.

Ineffective job performance, absenteeism and employee turnover - all these productive behaviours are counterproductive from the organisational point of view. In a very general way we can say that the counterproductive behaviours are that explicitly runs counter to the goals of an organisation. Much of the research on counterproductive behaviour is focused on its very issue of motives behind such behaviour (Schat and Kelloway, 2005). The routes of counterproductive behaviour of employees may initiates from the error of
employee selection because employees’ selection is still an imperfect process (Guion and Highhouse, 2004). Kristof (1996) argued that ineffective job performance may also occur when the selected employees possess the required skill and abilities necessary to perform their jobs but simply do not fit well into the culture of the organisation. In this regard, Goldstein and Ford (2002) have observed that organisations may contribute to ineffective performance is through inadequate socialization and training. It is also observed in some cases that when employees may want to perform well but are prevented from doing so by designing their job tasks in a way that makes it difficult to perform well, or in a way incompatible with the organisation’s reward systems (Campion and Berger, 1990; Campion and Thayer, 1985). Even if, tasks are designed properly, other constraining forces (interruptions from others, poor tools etc.) in the work environment may hinder performance (Peters and O’Connor, 1980; Spector and Jex, 1998).

3.2.3 Job Tenure and Employee Turnover

One of the important variables that may have direct and indirect impact on employee turnover is job tenure. It has already been discussed earlier that job tenure is associated with higher levels of continuance commitment and lower levels of employee turnover (Meyer and Allen, 1997). Job tenure may also have an indirect effect because employee turnover may be influenced by different variables at different points in an employee’s job tenure. Dickter et al. (1996) observed that the impact of job satisfaction on employee turnover is strongest
when employees have been on the job about one year and this effect gradually decreases over time. They also observed that a higher level of cognitive ability is associated with decreased risk of turnover. However, as with job satisfaction this relationship diminishes over time.

According to Dickter et al. (1996), job satisfaction may drive turnover decisions early in an employee’s job tenure. This may be due to that when an employee builds up job tenure, the costs associated with leaving one’s employer become greater. Again, as job tenure increases, it is likely that a greater number of non-work factors (e.g. employees’ children may not wish to change job because it involves a geographical move) will come into play. The cognitive ability is associated with job performance (Schmidt and Hunter, 1998) and has less impact on employee turnover over time. This supports the notion that the relation between performance and turnover is non-linear only among those who have been employed for a relatively short period of time.

3.2.4 Occupational Stress and Employee Turnover

An important issue which bears a strong negative impact on organisational effectiveness is Occupational Stress. In the organisational psychology approach, more and more states are recognizing as physical and psychological injuries of a person that may be caused by some stressful aspect of the work environment. Occupational researchers classify strains in three categories: psychological
strain\(^5\), physical strain\(^6\) and behavioural strain\(^7\). The majority of occupational stress studies examined the impact of stressors on job performance (Jex, 1998).

A great deal of occupational stress research has been grounded on role theory and that of role stressors. Actually, role-related information is unclear; this may lead to a stressor known as role ambiguity (Kahn \textit{et al.}, 1964; King and King, 1990). In the most general sense the role ambiguity exists when an employee is not sure of what he or she is supposed to do. This uncertainty can be manifested in a variety of ways, e.g. unclear performance standard (Beehr \textit{et al.}, 1980) and uncertainty regarding scheduling and work method (Breaugh and Colihan, 1994). One problem that may occur is a lack of consistency in the role-related information provided by employees. When this occur the stressor that may result is known as role conflict (Kahn \textit{et al.}, 1964; King and King, 1990). Another role stressor, defined by Jones \textit{et al.}, (1995), is role overload. It occurs when an employer demands more of an employee than he or she can accomplish in a given time. However, the overall results from several meta-analyses (Abramis, 1994; Fisher and Gitelson, 1983; Jackson and Schuler, 1985; Tubre \textit{et al.}, 1996) have been found quite consistent in showing that role ambiguity and role conflict are correlated with variety of strains (Jackson and Schuler, 1985). High levels of role

\(^{5}\textit{Psychological strains} \) include affective or emotional response to stressors. For example, anxiety and frustration (Spector \textit{et al.}, 1988), hostility (Motowidlo \textit{et al.}, 1986) and depression (Heinisch and Jex, 1997).

\(^{6}\textit{Physical strains} \) include responses that are related to employees’ physical health and well being (Ganster and Schaufeli, 1991).

\(^{7}\textit{Behavioural strains} \) are factors that impaired job performance in organisation. It includes absenteeism, turnover and substance abuse.
ambiguity and role conflict are associated with low satisfaction, high anxiety and tension and a high probability of employee turnover. The studies on the effects of role overload have shown that this stressor is related to higher levels of both psychological and physical strain (Caplan et al. 1975; Caplan and Jones, 1975; Jex et al., 1998). Beehr et al., (2000) observed that quantitative role overload may actually be positively associated with job performance.

Britt et al., (2006) have observed an association between quantitative workload and lower performance rating at least in a training context. Workload is simply the amount of work an employee has to do in a period of time. It is important to distinguish between perception of workload and objective workload. In a purely objective sense, two employees may have exactly the same volume of work but perceive their respective workload quite differently. Spector and Jex (1998) found that workload is related to high anxiety and frustration and increased turnover intention and on the other hand, perceived workload is positively related to job performance rating.

Interpersonal conflict (Keenan and Newton, 1985; Spector, 1987) negatively charged interactions with others in the workplace, related to anxiety at workplace (Spielberger, 1979). At extreme levels interpersonal conflicts may even escalate to physical violence (O’Leary-Kelly et al., 1996). One common precursor to conflict is competition among employees (Forsyth, 1999). Another factor that may lead to interpersonal conflict is that when one person
tries to influence another through threats or coercion (Falbe and Yuki, 1992), although such behaviour may at times be directed at no one in particular (Andersson and Pearson, 1999). Spector and Jex’s (1998) meta-analysis showed that interpersonal conflict is correlated with a number of psychological, physical and behavioural strains and strongly related to feelings of anxiety at work.

There may be Organisational Constraints (such as unnecessary rules and procedures, lack of resources or interruptions from fellow employees) that prohibit employees from performing up to their capabilities. Two meta-analyses by Spector & Jex (1988) and Villanova & Roman (1993) have summarised the findings of studies on the relations between organisational constraints and variety of stress-related outcomes and concluded that organisational constraints are strongly related to negative emotional reactions (such as job dissatisfaction, frustration, anxiety etc.) on the part of employees. Both the meta-analysis did not find any relation between organisational constraints and job performance. However, Jex et al., (2003) found that the presence of organisational constraints is negatively related to altruistic or helping behaviours among employees. This implied that in presence of organisational constraints employees may do what they have to do but may not go beyond that.

Work-family-conflict, an age-old conflict has increased in importance as a stressor (Bond et al., 1998). Reserchers have made a clear distinction between
work-family conflict\textsuperscript{8} and family-work-conflict\textsuperscript{9}. Kossek and Ozeki (1998) observed that work-family conflict is more strongly correlated than the family-work-conflict with both job and life satisfaction. Judge and Colquitt (2004) found that employee who perceived that they were treated fairly by their employing organisations tended to perceive lower levels of work-family conflict. In another study by Lapierre and Allen (2006) found that support from supervisors tended to be associated with lower levels of work-family-conflict.

Although researches on Layoffs and Job Insecurity are still very small but they are gaining importance as occupational stressors. Like other stressors, layoffs occur in an organisational context, but their most direct impact is felt outside the organisational context (Leana and Feldman, 1992). It is important to note that layoffs impact on both the job losers as well as survivors. McKee-Ryam \textit{et al.} (2005) had clearly shown that job loss is strongly related to decrease in both psychological and physical well being. The negative impact of job loss is mitigated by re-employment (Eden and Aviram, 1993; Vinokur \textit{et al.}, 1991). The meta-analyses by Sverke \textit{et al.}, (2002) have shown that job insecurity has negative impact on employee emotions and well being. With respect to emotional reactions it is likely that those who survive a layoff may respond with reduced trust and commitment toward their employing organisations (Buch and Aldrich, 1991). Morrison and Robinson (1997) argued that seeing fellow employees laid

\textsuperscript{8}\textit{Work-Family-Conflict} occurs when the demand of work interfere with one’s family responsibility (Kossek and Ozeki 1998).

\textsuperscript{9}\textit{Family-Work-Conflict} occurs when the demands of family interfere with one’s work responsibilities (Kossek and Ozeki,1998).
off may signify a potential breach of implicit psychological contract between employees and the organisation.

Considering the large number of service sector employees, a very new but fruitful area of occupational stress is *Emotional Labour*. The most common stress-related outcome associated with emotional labour have been poor work attitudes and increased emotional exhaustion (Ashforth and Humphrey, 1993; Brotheridge and Grandey, 2002; Grandey, 2003).

### 3.2.5 External Labour Market and Employee Turnover

One of the non-affective variables that may impact on employee turnover is the external labour market. Most employees do not leave their present job until they have secured other employment. Therefore, employee turnover should be higher when job opportunities are plentiful. Steel and Griffeth (1989) found that the correlation between perceived employment opportunities and employee turnover to be positive but relatively modest. Gerhart (1990) found that objective (actual) state of employment opportunities predicted employee turnover better than perceptions of employment opportunities. Steel (1996) addressed this issue in a somewhat different way by examining the impact of objective labour market indexes and the perceptions of employment opportunities on re-enlistment decisions. He observed that the turnover intention is highest among the employee

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10*Emotional Labour* refers to the emotional demands that employees face on the job (Hochschild, 1979, 1983).
who have a strong regional living preference and believed that a large number of employment opportunities are available there.

3.3 Economic, Social, and Motivation Theories of Voluntary Employee Turnover Behaviour

So far we have discussed psychological theories as the background theories in explaining the turnover phenomenon. However, there are economic (e.g. Human capital theory, Search theory, Matching theory etc.), social (e.g. Social exchange theory etc.), and motivation theories (e.g., Equity theory, Organisational equilibrium theory etc.) which are very much pertinent to explain the employee turnover phenomenon.

3.3.1 Economic Theory:

3.3.1A Human Capital Theory

The root of human capital theory is in the work of Adam Smith (1776). Later various scholars have worked extensively and developed the human capital theory (e.g. Becker, 1964). The primary concern of the human capital theorists was why economic development has advanced faster than the growth of the stocks of traditional capital and labour, more specifically, how to explain the large residual component in traditional economic production functions. Human capital theory locates this explanation in knowledge and skill and particularly in education and
work experience as the primary sources of these attributes. The basic concepts of human capital are that not all the work is equal and that the employees’ quality can be increased by investing in them (Becker, 1993). Becker (1993) argued that education and training are the most important investment in human capital. The turnover intent, education, experience and skills of a worker have an economic value for employers as well as the economy as a whole. The theory emphasizes on the constant learning process of employees in order to compete with global competition. Hence, occupational wage differentials refer to the amount of investment in human capital (Henneberger and Sousa-Poza, 2007). There are two major forms of investment on human capital: Schooling (institution specializing in the production of training) and on-the-job training (increasing productivity of employees by learning new skills and perfecting old ones while on the job). The development of capability requires both specialization and experience and can be gained partly by schools and partly from companies.

3.3.1B Search Theory

The search theory is based on George Stigler’s (1961) analysis on how buyers (or sellers) acquire information as an investment. According to search theory worker’s optimal strategy would be choosing from various potential opportunities in the labour market. The individual imperfect knowledge of labour market variables requires the usage of a
so called *reservation price*\(^\text{11}\) for the search of various employment alternatives (Morrell *et al.*, 2001). Morrell *et al.* (2001) observed that the *reservation price* is endogenously determined and is depend on opportunities in the labour market. Therefore, job search is perceived as an important precursor to quitting (Mobley *et al.* 1979) and at the same time it can also lead to the appreciation of one’s present job after comparing it with the alternatives (Morrell *et al.*, 2001).

### 3.3.1C Matching Theory

Employee’s productivity in a particular job cannot be known in advance but rather reveals precisely as the job tenure increases (Jovanovic, 1979). Employees strive for those positions which match best with their capabilities that correlate with appropriate wages. Matching theory describes a process where humans ‘describe their behaviour in relation to the rate of reinforcement for response alternatives’. This theory provides an understanding about the appearance and the termination of a work contract under uncertainty. Young employees launch an experimental stage at the beginning of their professional life, where they gain experiences and diminish lack of information. In this context, job mobility can be understood as a

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\(^{11}\) *Reservation Price* is defined as the lowest salary or turnover intent wage at which a person will consider accepting a job and can be thought of as a short-hand heuristic which people use to describe whether to accept/ reject a job offer in the face of little other information from the labour market (Holt and David, 1966).
mechanism for correcting matching failure (Henneberger and Sousa-Poza, 2007).

3.3.2 Social Theory:

3.3.2A Social Exchange Theory

Social exchange theory is based on the idea that social behaviour is the result of an exchange process. The exchange can either be in terms of material or non-material goods and services such as symbols of approval or prestige. According to this theory, considering the potential reward and the risks of social relationships, an individual tries to maximize benefits and minimize risks or costs. It therefore implies that all human relationships are shaped by the subjective reward-cost interactions along with the comparison of alternatives. People will terminate or abandon the relationship as soon as the cost outweighs the benefits. The assumption behind the social exchange theory is that one recognizes his or her life situations and notice their individual needs. The interaction between humans is based on the principle of reciprocity. The willingness to generate advance performance will be responded with a payback, either soon or with a time delay (Brinkmann, 2005).

3.3.3 Motivation Theory:

3.3.3A Equity Theory

Equity theory, known as justice theory, was developed by John Stacey Adam in 1963. The theory proposes that individual determines
whether the distribution of resources is fair to both relational partners (Brinkmann, 2005). According to equity theory, fair balance between individual employee’s inputs (e.g. hard work, skill level, tolerance, enthusiasm etc.) and outputs (e.g. salary, benefits or intangibles issues etc.) impacts on employees’ turnover intent. Justice will prevail when inputs and outputs are fairly distributed among the participants. Impartial criteria of the situation are less important here than the way how individuals estimate the value and the relevance of the inputs and outputs of different participants (Brinkmann, 2005). Therefore, a highly committed employee perceives his or her rewards are equal to contributions and if an employee perceives the distribution of resources as unfair then, turnover intent will emerge.

3.3.3B Organisational Equilibrium Theory

Barnard (1938) provided a systematic framework of human motivations that are involved in the decision of their belonging in an organisation which is known as the organisation equilibrium. Barnard argued that the equilibrium of an organisation means the capacity to maintain efficiency of an organisation. Organisations are dependent on the continuity of participants’ contributions and in order to maintain this organisations have to offer equitable inducements. If the personal sacrifice is bigger than the inducement an employee gets then employees’ turnover intent will emerge.
In general, people seek to make use of their contextual circumstances to pursue their aims and objectives. As a result, motivation is of great interest in the field of organisational behaviour. A person usually joins an organisation to satisfy his or her own needs and wants. Therefore, there is always a possibility that he or she will be more interested in achieving his or her own personal aims than the objectives of the organisations. In psychology, motivation is essentially an explanatory concept used to explain why a person behaves in a certain way. The three components of behaviour described in psychology that have impacts on performance are direction of behaviour (which is generally influenced by what a person desires to do); intensity of behaviours (which equates to how hard the individual strives to go in that direction) and persistence (which consists of individual willingness to stay with the direction when obstacles are encountered).

One of the major streams of motivation theories is content theory. The content theories focus on the needs, wants and desires of people which are taken to be the main impetus for motivational behaviours. These theories are based on the assumption that people strive to satisfy a range of deep routed needs.

3.3.3C Abraham Maslow’s Theory

According to Abraham Maslow (1943) human needs are inexhaustible and when one set of needs is satisfied another set of needs
arises in its place and these needs can be arranged in hierarchy. In 1943, Maslow developed a Need Hierarchy theory. Maslow’s five level needs, chronological from the bottom, are Physiological needs, Safety and Security needs, Affiliation needs, Esteem needs and Self-actualisation needs. The bottom three levels consist of more basic needs and the top two are higher order needs. It is to be noted here that Maslow’s theory (1943) contains a number of important assumptions, two of which have significant implication for work motivation. First, he argued that different levels of need are universally addressed sequentially and a person remains at one level until all needs of that level are satisfied (although there are people with higher moral ideas who willingly forego satisfaction of everything else to concentrate on self-actualisation as a esthetic). Second, he assumed that needs which are satisfied have no longer a motivational affect.

3.3.3D Alderfer’s Theory

In a similar fashion Alderfer (1972) also provided an ERG theory using the idea of need hierarchical ordering but his ordering has only three levels - Existence (E), Relatedness (R) and Growth (G) from which comes the theory’s name. Alderfer’s existence needs are roughly equivalent to Maslow’s bottom two needs and relatedness needs are concerned with needs with others and approximate to Maslow’s affiliation category together with some of esteem needs and both the needs are at the highest level taking in some of the Maslow’s esteem
needs plus self-actualisation. Although much of the similarities are observed between Maslow and Alderfer’s model but the categories do not match up exactly. There are three important differences between these two models. First, in Alderfer’s scheme, the different levels are viewed more as a continuum than as discreet categories. Second, Alderfer (1972) does not assume a sequential progression up to hierarchy, but allows more than one level to be active at the same time. Third, Alserfer’s ERG theory has made important contribution by way of providing plausible explanations of a person’s likely reactions when needs are not satisfied (Hodgetts, 1991).

3.3.3E Herzberg’s Theory

Herzberg and his co-workers (1959) developed a Two-factor theory which is clearly a departure from Maslow’s hierarchically ordered need theory. Instead of using the word ‘need’, Herzberg divides the work environment into two major groups - Hygiene factors and Motivators. The basic idea behind this theory is that people are motivated by things that make them feel good about work and also have aversions to things that make them feel bad. In this theory motivators are the factors that produce good feelings about work. The hygiene factors, if not present, can result in feelings that the work situation is unsatisfactory. It is important to note that the two sets of factors are not opposite but have different roles and are equally important. Hygiene factors include such
things as working conditions, status, company procedures, quality of supervision and interpersonal relations. All these hygiene factors act as preventives of dissatisfaction, or in other words, work can be very dissatisfying if these factors are absent. At the same time, there present does not motivate because the absence of dissatisfaction is not satisfaction. Motivators are mainly intrinsic in nature i.e. a sense of achievement, recognition, responsibility, the nature of work itself, prospect of growth and advancement. Again, if the motivators are absent, this is not actually result dissatisfaction. Herzberg’s theory, despite criticisms, has given a fairly refined way of thinking about satisfaction and dissatisfaction at work.

3.3.3F McClelland’s Theory

McClelland (1961) argued that the behaviour associated with satisfying the needs in adult life is something akin to culturally-induced personality traits. McClelland’s (1961) theory of Learned needs assumed that certain individual needs are a reflection of society’s cultural values and are acquired in childhood. He focused on three very powerful needs e.g. the needs for achievement, the need for power and the need for affiliation. The needs for achievement prompt a person who tries to succeed or excel in areas that have significance to the individual. The need for power associated with prestige and social standing. People who have these needs and are able to satisfy it probably obtain a sense of
psychological fulfillment which boosts their self-concept. On the other, the *needs for affiliation* result in a tendency for a person to want acknowledgegment and approval from others.

All the *content theories* assumed that motivation is best understood by focusing on the structure of innate or learned needs. Each theory explains matters in a slightly different way and has its own view about which needs are more important. One can easily observe that (i) Maslow and Alderfer’s theories have strong affinity. They both view needs as structural hierarchy and where they differ is that Maslow sees the order of needs as fixed, while Alderfer views them in a much more flexible and dynamic way; (ii) in Herzberg’s work hygiene factors roughly correspond to Maslow’s physiological, safety and affiliation needs (existence and relatedness in the ERG theory) and Herzberg’s motivators are roughly equivalent to Maslow’s esteem and ‘self-actualisation needs’ (‘growth’ in ERG theory); (iii) McClelland’s (1961) theory does not take specific account of lower ordered needs, but the need for affiliation embraces some of Herzberg’s hygiene factors which means that it has some correspondence to the security and relatedness categories in Maslow and Alderfer’s scheme; (iv) similarly, need for power is strongly related to Herzberg’s ‘recognition factor’ and thus too Maslow’s ‘esteem needs’; (v) finally, the need for achievement has some similarity to Maslow’s ‘self-actualisation needs’ and Alderfer’s ‘growth needs’.
Thus it is clearly evident that the theories do not contradict each other and since each one emphasizes a different pattern of needs then it would be more appropriate to view them as complementary. All the theories adapt a psychologically universal view that everyone has a common set of needs and that in turn conveys the notion that people are predictable in terms of what motivates them. This is not only ignores the crucial issue of individual differences but also the potentially powerful effects of different national and organisational cultures as factors that can shape the human needs.

A good number of studies on employee turnover have carried out to validate the existing theories. It has also been observed that there are innumerable studies on various issues related to employee turnover such as unveiling the process of employee turnover and to identify the causal variables of employee turnover and their effect therein. As a result it becomes pertinent to make a survey on the existing literature on employee turnover which we have presented in the following chapter-4.