Survey of Literature
Chapter 4
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Employees’ intellectual capabilities are considered as intellectual capital for the organisation in which they are employed. Retaining this intellectual capital becomes the primary concern of the organisations, especially of the IT companies where company’s outputs are highly human capital intensive. From the organisational point of view the employee attrition or turnover phenomenon may be viewed as drainage of intellectual capital and therefore considered as loss. This loss becomes serious when a good number of employees who have relatively high human capital value choose to leave an organisation, i.e. when the turnover numbers are on the rise (Zhang and Zhang, 2006).

The primary period of employee turnover studies may be traced to the beginning of the 20th century. The then time, some primary studies on organisational employee’s movement from economic viewpoint were carried out, searching the factors influencing employees’ turnover (e.g. salary, common training, labour market structure and job opportunities etc.) which later laid the foundation of the construction of the academic mainstream employees’ retention/turnover theories in academic literatures (March and Simon, 1958; Burton, 1969; Zhang and Zhang, 2006). Since 1950s, with the rapid development of the western economy after post-war rebuilding, the cost of organisational management (e.g.
the costs of control, replacement and training of the organisational employees) had been rapidly increasing and the scholars and managers were engaged in systemic research, mainly empirical in nature, on employee movement.

In the field of research on employee retention, voluntary turnover attracted much attention of the academics and practitioners and as a result two major research dimensions have evolved - voluntary turnover of knowledge and management talents (Eriksson, 2001; Potter and Timothy, 2003). It is important to be noted here that the conception of voluntary ‘turnover intent’ is used for voluntary turnover. The ‘withdraw tendency’ is closely related with ‘turnover intent’ and has an equal status put forward first by Mobley et al., (1978) in the construction of turnover model. This behaviour is considered as process variables in the different period from ‘thinking of quitting’ to ‘job searching’, ‘intention of turnover’ and ‘voluntary turnover’ behaviour occurring. The conception can be simplified as turnover tendency instead of turnover behaviour (Jaros et al. 1993).

We try to view the overall employee turnover literatures mainly from two different perspectives. One deal with the models on turnover processes along with its associated theories and the other deals with the factors (like psychological, economic and demographic) determining voluntary employee turnover. Later we also tried to provide a brief literature on information technology employee turnover which is very much pertinent to the present study.
4.1 Studies on Employee Turnover Process Models

Since the beginning of the 20th century scholars have been trying to build up theories and models to conceptualise employee turnover phenomenon and to explain its correlates. We try to present here employee turnover theories and models that have been developed in the course of time.

- **Barnard’s (1938) Organisational Equilibrium Theory**

Barnard (1938) was the first to provide a systematic framework for discussing the human motivation that is involved in the decision of employees’ belonging in an organisation. According to Barnard (1938), the organisation is made up of participants’ contributions through cooperative system but the satisfaction of a participant in fulfilling his or her needs or motives are constrained by different types of human limitations (like psychological constraint). The survival of the cooperative system depends on the functions of the organisation (i.e. creation, transformation and exchange of utilities) which in turn satisfy the needs of individuals therein. Now, the survival of the organisation depends upon the continuity of the contributions from the individuals who make up the whole. Again, the contributions of individuals depend upon inducements given by the organisations in return for their contribution, which can satisfy individual motives. Actually, from an individual employee’s point of view, if the amount of personal sacrifice given to the organisation is less than the satisfaction received from inducement given by the organisation then the individual continues contributing to the organisation, otherwise the employee will withhold or withdraw his or her contributions and
will be intended to leave the organisation. Barnard (1938) argued that the efficiency of a cooperative system is its capacity to maintain itself by the individual satisfaction it affords and may be called its capacity equilibrium, i.e. balancing of burdens by satisfactions which results in continuance and a satisfied individual is one who is efficient with regard to personal behaviour.

- **Simon’s (1945) Organisational Equilibrium Theory**

  Simon’s (1945) *organisational equilibrium theory* deals with the ‘equilibrium of organisations’ which was largely based on the work of Barnard (1938). According to Barnard the equilibrium of an organisation means the capacity to maintain efficiency of an organisation. Organisations are depended on the continuity of its employees’ contribution and in order to maintain these organisations have to offer equitable inducements. Barnard’s (1938) specific evolution in this respect is the ‘decision to participate’. In other words ‘balancing of burdens by satisfactions which results in continuance’ (Barnard, 1938). Simon extended Barnard’s (1938) theory into the Barnard-Simon organisational theory which built on Barnard’s observation. Simon (1945) argued that achievement of organisational equilibrium needs to fulfill the condition that the sum of contributions of all employees ensures the kinds and quantity of necessary inducement. However, this theory does not consider the functions of the organisation (e.g. the process creation), transformation or exchange of utilities where Barnard also placed his emphasis. According to Simon (1945), the achievement of organisational equilibrium implies only a condition where the sum
of the contributions of all participants can guarantee the kinds and quantity of necessary inducements which must be paid.

- March and Simon’s (1958) Organisational Equilibrium Theory

March and Simon’s (1958) model can be traced back to Barnard-Simon’s theory of organisational equilibrium where they argued that all employees confront with decisions through their interaction with the company. A special concern of this model is the ‘decision to participate’ with the key variable ‘desirability and ease of movement in and out of the organisation’. The theory specifies that employees’ decision to resign is influenced by two factors: their perceived ease of movement (which refers to the assessment of perceived alternatives or opportunity) and perceived desirability of movement (which is influenced by job satisfaction) (Morrell et al. 2001). The theory describes how balance is stuck both for the organisation and its employees in terms of inducement (such as pay) and contributions (such as work) which ensures continued organisational efficiency. When inducements are increased by the company, this will lower the tendency of worker to leave and vice versa. March and Simon’s model has been criticized as the model presents a static rather than a procedural view of turnover. The model also fails to include important variables that influence the turnover process like role stress and different forms of organisational commitments (Morrell et al. 2001).
Mobley’s (1977) Employee Turnover Process Model

Mobley’s (1977) voluntary turnover model is to some degree based on March and Simon’s (1958) framework. The Mobley’s (1977) model is a process model which becomes a landmark conceptual piece that explains the process of how job dissatisfaction can lead to employee turnover. According to the model an employee is likely to go through seven different sequential and intermediate psychological stages between job dissatisfaction and eventual turnover. Mobley theorized that job dissatisfaction is likely to lead an employee sequentially (i) to think about quitting, which may in turn lead the employee (ii) to evaluate the expected utility of searching for an alternative job and the costs associated with quitting the present job. From that evaluation, (iii) an intention to search for alternative jobs may emerge which in turn likely leads the employee (iv) to the actual search for alternative jobs and (v) to the evaluation of the acceptability of any identified alternatives. From the second stage of evaluation, the employee would likely (vi) to compare those alternatives to the present job and if the comparison favours the alternative then (vii) behavioural intention to quit will be stimulated and that followed by the final decision to quit. However, Mobley’s model features frail on empirical evidence for the conceptual differentiation among his explanatory constructs (Hom and Griffeth, 1991). Various subsequent models have enhanced Mobley’s construct and one of the established theoretical alternatives is Hom et al.’s model (1984) where it is argued that Mobley’s theory had a lack of empirical evidence for the conceptual distinction among his explanatory construct. In spite of that their findings to some extent revealed a
similar possible intermediate state in the turnover process, yet a major distinction exists. Their study also resulted that the *Intention to Quit* takes place before an *Intention to Search*.

- **Sheridan ans Abelson’s (1983) Cusp-Catastrophe Model**

  Based on mathematical catastrophe theory, Sheridan and Abelson (1983) has developed a model (to explain job turnover of nursing employees), called *cusp- catastrophe* model which considers the dynamic withdrawal process that occurs over time and a discontinuous change from retention to termination. Compared to other turnover models it offers a more complex illustration of turnover process. The model has three main characteristics: (a) the withdrawal behaviour is a discontinuous variable with abrupt changes (it characterized with a *delay rule*). According to this rule an employee attempts to remain in employment as long as possible if the employee feels that he or she cannot stay any longer, due to job dissatisfaction or stress, then he will abruptly change from retention to termination), (b) presence of the *hysteresis zone* of behaviour for some values of the control factors (it is being described as the fold in the behavioursal surface. The trace of the fold can be seen on the contraol surface and is named as the bifurcation plane. It represent a state of disequilibrium for employees, in which they are about to change from retention to termination), and (c) divergence of behaviour that occurs on opposite sides of the bifurcation plane. As employee approach the bifurcation plane, very small changes in the control variable like job tension or stress can result in discontinuous changes from retention to termination. The major criticism of this model is that it assumed linear and continuous
relationships between the causal factors and turnover. It fails to reflect the threshold nature of the phenomena (Morrell et al., 2001). However, the model offered two fundamental contributions to the turnover research - (i) it recognize the discontinuous dynamic characteristics of turnover and (ii) its provocative divergence from traditional view of turnover process unveiled another direction for future research.

- **Price and Mueller’s (1986) Generic Factors Model**

  Compared to March and Simon’s framework Price and Mueller (1986) offered a model of turnover with a comprehensive list of determinants such as, generic factors like job satisfaction. The model interpreted turnover as a result of decision process. The model subdivided the independent exogenous variables into three major groups: environmental (eg. opportunity and kinship responsibilities), individual (eg. general training) and structural (eg. routinization). The endogenous variables - *job satisfaction; organisational commitment* and *intent to leave* are determined by the states of other variables in the model. Later Price and Mueller enhanced their model by adding other exogenous (i.e. social support) and endogenous (i.e. search behaviour) variables in their construct (Price, 2001). Nevertheless, the model lacks the fundamental theory of behaviour or action and thus limits an adequate explanation for the turnover process. Since they conducted their tests mostly on middle class jobs such as nurses or teachers, their samples lack the feature of occupational heterogeneity. They also fail to investigate interaction effects regarding the determinants of turnover (Morrell et al., 2001).


- **Lee and Mitchell’s (1994) Psychological Paths Model**

  In 1994, Lee and Mitchell described different psychological paths that employees take while leaving organisation. Their model resulted that many people quit their jobs not only due to negative affects (e.g. job dissatisfaction) but because of the variety of particular jarring events, identified as ‘shocks’ (e.g. unsolicited job offer, changes in marital state or firm mergers). The authors argued that most people follow one of four psychological and behavioural paths while leaving. Components like shocks, scripts, image violations, satisfaction and job search are used to categorize the paths. *Path-1* describes how a shock can trigger the enactment of a script (the script details a plan of action and can be based on past experience, observation or social expectations). Job satisfaction seems to be irrelevant in the decision process in path one. In *path-2*, a shock initiates an employee to reconsider his attachment to the organisation since image violations are perceived by the employee (image violations occur when an individual’s values, goals, and strategies for goal attainment do not fit with those of the employing organisation or those implied by the shock). In such situation an employee leaves without searching for other alternatives. In *path-3*, a shock generates an image violation and it consequently induces employees’ evaluation of the current job and several alternatives. The precipitator of *path-4* is job satisfaction. Employees’ job dissatisfaction experience lead to either (a) leave without having other alternatives or (b) quit only after searching and evaluating other jobs (Lee *et al.*, 1999). *Path-4(b)* actually explains turnover process similar to that of other theorists, but other paths suggest processes that have not been
discussed in the literature before. Thus the model features some unexplained paths which needs to be examined to understand the turnover process as a whole. According to Morrell et al. (2001) this unfolding model is a contemporary example of an account which represents a break from the established paradigm.

- **Karl, Griffeth, Allen and Hom’s (1997) Psychological Process Model**

  Lee et al., (1996) argued that most researchers have sought either to address methodological issues or to empirically validate existing theories of withdrawal that focus on affect-induced quitting (Lee and Mitchell, 1994; O’Reilly et al., 1991) and for that the turnover literature would be greatly benefitted from an alternative theoretical perspective that take into account contextual variables surrounding the occurrence of quitting. In this regard Karl et al. (1997) developed a model of psychological process by which felt deprivation instigates quitting. With the help of ‘Referent Cognitions Theory’ (RCT) (Cropanzano and Folger, 1989; Folger, 1987; Folger et al., 1983) they tried to explain voluntary withdrawal from an organisation. It directly examined the relationship between justice perceptions and actual quitting. The model integrates referent cognitions theory with the turnover literature by including predicted relationships among outcome and supervisor satisfaction, withdrawal cognitions and actual turnover. Referent Cognitions Theory introduces the evaluation of procedures into a relative deprivation framework- more completely describes how injustice prompts dissatisfaction. It extends traditional turnover models that implicate procedural unfairness as undermining morale and intention (Hom and
Griffeth, 1995; Hulin, et al., 1985; Price and Mueller, 1986) by elaborating the psychological processes that generate dissatisfaction. Referent Cognitions Theory explains how dissatisfaction arises when a person compares existing reality to a more favourable alternative. Referent cognitions, justifications, and the likelihood of amelioration are the three mental stimulus performed by an individual. Referent cognitions are imaginable alternative circumstances. When imagined results are more attractive than the existing reality, the employees are most likely to be dissatisfied. The underling comparison is the extent to which referent procedures are more justifiable than those that produced existing outcomes. Morally inferior procedures will be associated with low justification and vice-versa. When the rationale for an existing procedure is considered appropriate, convincing and justifiable then dissatisfaction with present outcomes can diminish (Folger and Martin, 1986; Folger et al., 1983). Again, likelihood of amelioration implies that there is less dissatisfaction among the employees if there is little chance for improvement of expected outcome in their circumstances (Folger et al., 1983).

It is evident from the employee turnover process models that none of the above models offered an adequate explanation for the turnover process. Although, there is no standard framework for understanding the employees turnover process as a whole, a wide range of factors or variables have been found useful in interpreting the behaviour of employees’ turnover intent. Therefore, it becomes
pertinent to understand the impact of causal factors behind employees’ voluntary turnover.

4.2 Factors Determining Employee Turnover

In the literatures of employee turnover, the conception of voluntary turnover intent is involved with the individual job selection opportunities and job hunting behaviours and thus lacks the direct connection with employees’ performance. It considered as the most direct independent variable of employee turnover behaviour as well as dependent variable of numerous predetermined variables which affect the factors of voluntary employee turnover (Allen and Griffeth, 1999; Price, 1977).

Various psychological, economic and demographic factors are directly or indirectly affecting the turnover intent. Psychological determinants include employees’ expectations, orientation, job satisfaction, organisational commitment and the extent of job involvement which are influenced by individual’s emotions, attitudes and perceptions. The psychological school, however, concentrate more on the decision dimension to the turnover process related to work issues (Lee et al., 1996).

4.2.1 Impact of Psychological Factors on Employee Turnover

Hom and Griffeth (1991) argued that it is employee’s job satisfaction or dissatisfaction that motivates employee to stay or leave the
firm. These work attitudes, however play relatively small role (Hom and Griffeth, 1995; Griffeth *et al.* 2000) in overall employee retention or leaving. Various other factors, like organisational commitment, job embeddedness, opportunities of job alternatives etc are more important factors in explaining employee’s turnover phenomena. Mobley *et al.* (1979) observed that the two factors, one reflects employee's evaluation of the firm's future expected value with respect to his or her work aspirations and the other is the tension associated with the employee's present work conditions, are responsible for employee turnover. Researchers like Becker (1975), Kraut (1975), Stevens *et al.* (1978) and many others argued that the employees have made an implicit comparison of expected benefits from alternative job opportunities and if the offered benefits of present job are greater than or equal to alternative offers then they will not leave the firm.

The traditional wisdom is that people becomes dissatisfied with their jobs and leave it if any alternative is judged to be better than their current situation. This implies that employees’ perceived ease of movement is reflected by job alternatives and the perceived desirability of movement is usually meant for job satisfaction. Job attitudes combined with job alternatives predict intent to leave, which is the direct antecedent to turnover.
It is therefore becomes necessary to identify the link between the causes of employee attitude and job satisfaction and the impact of various psychological factors on employee turnover. In order to get an overwhelming view of turnover literatures, the studies are classified in accordance with their dealt in impacting factors.

- **Cognitive Ability and Consciousness**

  The meta-analyses (Cotton and Tuttle, 1986; Griffeth et al., 2000) showed no or little relationship between intelligence and turnover. Griffeth et al. (2000) have also found no correlation between cognitive ability and turnover. Marsh and Manari (1977) have observed that those who grew up near their place of work were more likely to turnover and knowledge of an employee’s number of previous jobs was not significant in determining the likelihood of turnover. Entrepreneurs with higher levels of need for achievement tended to have lower rates of turnover as these people were struggling to steer their own enterprises towards successful outcomes. Non-entrepreneurs, on the other, with higher levels of need for achievement have higher levels of turnover. Barrick & Mount (1991) found that personality factors like ‘conscientiousness’, ‘agreeableness’ and ‘openness to experience’ were capable of influencing turnover. Barrick & Mount (1996) found that conscientious and emotionally stable individuals are less likely to turnover.
**Contract Relationships**

Rousseau (1989, 1990), Rousseau and Anton (1988, 1991), Rousseau and Parks (1993), have examined employees beliefs about the nature of contract with their employer. Employment contracts are viewed as promissory because they pertain to the exchange of behaviour for payment in the future and require that both parties voluntary consent to the terms of agreement. The psychological contracts, like other promissory agreements, may vary along a continuum specificity, scope and flexibility. At the one end, the continuum is anchored by transactional short-term contracts, monetary agreements bound by many rules and limitations that allow each party only a limited involvement in the activities of the other. On the other end, the continuum is relational contracts rather general reciprocal agreements (e.g. good long-term career opportunity in exchange for stability). Relational contracts have both monetary and socio-emotional elements, that concern for the well being of other party and provide a means of stabilizing relationship (Rousseau and Parks, 1993). Psychological contracts are believed to be more relational than transactional. Robinson (1994) observed that new recruits displayed a self-serving bias perceiving that their obligations to their employers decline over time while their employers’ obligation to them increased.

Changes in the contract relationships are believed to occur as a value of intrinsic job characteristics (e.g. variety and autonomy) decreases over time the desirability of extrinsic outcomes (e.g. employment stability and stay) increases. In this regard Rousseau and Parks (1993) observed that with the passage of time,
the psychological contract is thought to be more relational and hence to encompass socio-emotional elements such as organisational support and interest in the personal welfare. Rousseau (1990) observed that the nature and effect of employment relationship have supported the transactional verses relational nature of agreement and individuals who perceive the contracts as more relational have stronger intention to remain with their employer for a long period of time. Robinson (1994) found that employees’ perceptions of their employers’ contract violation were associated with a decrease in their own relational obligations (e.g. loyalty, the performance of extra-role behaviours). Various scholars (Mowday et al., 1982; Mathieu and Zajac, 1990; Jaros et al., 1993) have reported that the perceived violations of the psychological contract may have a negative effect on managers’ affective organisational commitment. Similarly, lengthening job tenure, which is likely to be perceived as a violation of the psychological contract by mobile managers, is expected to increase managers’ likelihood of leaving the employment relationship. Voluntary employee turnover (Mobley, 1977; Mobley et al. 1979; Steers and Mowday, 1981) has often being studied as a withdrawal process involving individuals’ attitudes, cognitions and behaviours. Consistent with that perspective lengthening job tenure is viewed as evoking increasing feelings of contract violation from upwardly mobile managers and hence as shifting the agreement towards the transactional side of the contract continuum in the managers’ eyes (Rousseau and Parks, 1993).
- **Attitude Construct**

  The traditional attitude measure suggests that negative attitudes combined with job search to predict leaving (Blau, 1993). Researchers suggested that justice perceptions (Aquino et al., 1997) and job burnout (Wright and Cropanzano, 1998) influence these attitudes which in turn affect turnover. In fact, whether a search is successful or not depends partly on the job market. However, Gerhart (1990) argued that perception of job market (in terms of job opportunities) predicted turnover but that search is not of much importance. Casten and Spector (1987) observed that the attitude-turnover relationship become higher when unemployment rates were lower (jobs were available) rather than high. Hom and Griffeth (1995) and Griffeth and Colleagues (2000) reported that attitudinal variables control only around four to five per cent of variance in turnover. Steel and Griffeth (1989) reported even weaker effect on leaving of perceived opportunities but slightly stronger effect on the intention to search. It is also argued that although the links among attitude, perceived alternatives, search and turnover are consistent but weak because some other meaningful constructs have been neglected.

  A number of researchers have attempted to break traditional attitudes and alternative models. Hulin’s (1991) work on general withdrawal construct has broadened understanding of both the predictors of and the criteria for organisational attachment (e.g. Lateness and absences). Barrick & Mount (1996)
and Chan (1996) have shown the effect of individual differences i.e. individual conscientiousness on turnover.

- **Organisational Commitment**

  The two most frequently tested attitudinal constructs are job satisfaction and organisational commitment (Hom and Griffeth, 1995). Moser (1997) demonstrated the importance of job satisfaction and argued that its absence may leads to lethargy and reduced organisational commitment. Various researchers (Alexander *et al.* 1998, Jamal, 1997) tried to establish the lack of job satisfaction as a predictor of quitting job. Researchers like Armentor and Forsyth (1995), Flanagan *et al.* (1996), Kadushin and Kullys (1995), agreed that job satisfaction is essentially controlled by factors described in Adeyemo’s (2000) perspective as external to workers. From this viewpoint, satisfaction on a job might be motivated by the nature of the job, its pervasive social climate and the extent to which workers’ particular needs are met. Other inclusions are the availability of power and status, pay satisfaction, promotion opportunities and task clarity (Bolarin, 1993; Gomez-Hernandez *et al.*, 1997). In addition to that, negative effect of lengthening job tenure on managers’ organisational commitment and retention can be best understood in the context that managers’ perception about themselves and their employers. In fact, managers are expected to make personal contributions of loyalty and stability in the belief that they will be compensated over time by the organisation with relatively frequent job mobility as well as other valued outcomes. Rousseau (1990) found that individuals tented to view
'advancement', ‘job security’, and ‘support’ as employers’ obligation under a relational contract whereas ‘loyalty’, ‘extra-role behaviour’ and ‘minimum stay’ are viewed as employee obligations.

Empirical results suggested that satisfaction and commitment have consistent, statistically significant and negative relationships with turnover (Jaros, 1997). Irving et al. (1991) by introducing new attitude constructs provided a new measure of occupational commitment whereas Shore and Tetrick (1991) developed a new measure of perceived organisational support.

Mowday et al. (1979) argued that job satisfaction and organisational commitment are both attitudes related to work but the two concepts are not synonymous. Job satisfaction reflects a person’s perceptions about his job or aspects of his job and on the other hand, organisational commitment reflects an employee’s broad or global opinion on the organisation as a whole. They argued that commitment emphasizes attachment to the employing organisation, including its goals and values, while satisfaction emphasizes the specific task environment where an employee performs his or her duties. In fact, organisational commitment develops slowly over time, has a long term orientation and is less effected by sporadic short term events. This implies the stability of commitment over time. However, job satisfaction is less stable as it is more greatly influenced by everyday events (Smith et al., 1969; Porter et al.,
Porter et al.’s (1974) longitudinal evidence suggested that short term event should not entice an employee to seriously re-examine their overall attachment to the organisation but may temporarily impact their job satisfaction. The literature on attachment (role attachment and organisational attachment), role orientation, organisational involvement and organisational commitment provide four more avenues for explaining the foundation beneath turnover decisions. Graen & Ginsburgh (1977) also found a significant negative relationship between role orientation and turnover. Mirvis and Lawler (1977) observed similar relationship between involvement and turnover. However, none of these concepts have received much attention to organisational commitment.

- **Job Embeddedness**

  Another new construct called ‘job embeddedness’ became the key factor in understanding why people stay on their jobs. Actually the foundations for job embeddedness are three other sets of ideas that have emerged from the growing literature. First, a set of empirical researches suggest that many off-the-job factors are important for employees’ attachment to organisation. The turnover models (Price and Mueller, 1981; Steers and Mowday, 1981; and Mobley, 1982) have also included *non-work* influences such as family attachment and conflict between work and family roles. Recent *spillover* models try to explain (Cohen, 1997) how work and family life are related. Lee and Maurer (1999) observed that having
children at home and spouse were better predictors of leaving a job than organisational commitment.

Second, there are varieties of factors which are not attitudinal but organisational associated with retention. Inducement to stay can derive from working with groups or certain projects that create types of commitment other than the attraction for the organisation. Many companies use teams to induce attachments (Cohen, 1997). Reichers (1985) labeled these attachments as constituent commitment which includes attachment to unions, teams and other work related groups.

Third, in the unfolding model of turnover (Lee and Mitchell, 1994; Lee et al., 1999) the authors tried to describe different ways people decide to leave organisation and identified four distinct paths. From the perspective of embeddedness, the interesting points are that many people who leave (i) are relatively satisfied with their jobs, (ii) don’t search for other jobs before leaving and (iii) leave because of some sort of precipitating events (which Lee and Colleagues call a ‘shock’) rather than because of negative attitude. In many cases negative attitudes or job search are simply not associated with leaving. All these different and non-traditional ideas help developing the job embeddedness construct.

Job embeddedness represents a broad constellation of influences on employee retention. The critical aspects of job embeddedness are (i) the extent of
which people have links to other people or activities, (ii) the extent of which their jobs and communities are similar to or fit with the other aspects in their life spaces and, (iii) the case with which links can be broken. In fact, ‘links’, ‘fit’ and ‘sacrifice’ are the three dimensions important for both on and off the job. Links are formal or informal connections between a person and institutions or other people. A number of strands connect an employee and his or her family in a social, physical and financial web that includes work and non-work friends, groups and the community i.e. the entire physical environment in which one lives in. A variety of research suggested that there are normative pressure from family, work team members and other colleagues to stay on a job. It is observed that being older, being married having more tenure and having children requiring care are all associated with an employee’s being more likely to stay than leave.

‘Fit’, on the other, is defined as one’s perceived compatibility or comfort with an organisation and surrounding environment. According to job embeddedness an employee’s personal value, career goals and plans for the future must fit with the larger corporate culture and the demands of his or her immediate job (job knowledge, skills and abilities). O’Reilly et al., (1991) found that ‘misfits’ terminated slightly faster than ‘fits’.

Again, ‘sacrifice’ captures the perceived cost of material or psychological benefits that may be forfeited by leaving a job. Actually leaving an organisation associated with some losses like giving up colleagues, interesting projects or perquisites. Shaw et al., (1998) observed that more an employee would give up
while leaving; the more difficult it would be for him or her to sever employment with the organisation. They suggested that though comparable salary and benefits may be easily found in an environment of low unemployment, the switching costs (e.g. new health care or pension plans) are real and relevant. Leaving a job may involve community sacrifices if one has to relocate. Leaving a community, that is attractive and safe and in which one is liked or respected can be hard. Actually, if people are embedded they may remove job alternatives that require relocation from the set of job options they consider.

Job embeddedness is quite different from job satisfaction or commitment. On and off the job perquisites linked to longevity can increase sacrifice issues. It is argued that being less embedded does not push an employee to leave a job as dissatisfaction does (e.g. someone can have low level of embeddedness but be satisfied with a job).

- Unrealised Expectation

In the organisational behaviour study the concept of ‘job involvement’ is more important than ‘locus of control’\(^\text{12}\) because it is highly correlated with variables such as motivation, productivity and turnover (Rabinowitz and Hall, 1977). The link between locus of control and job involvement

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\(^{12}\) *Locus of control* refers to the extent to which people believe that the external factors such as chance and powerful-others are in control of the events which influence their lives (Firth *et al.*, 2004).
leads one to a positive relationship between employees’ attitudes and job involvement.

Mobley et al., (1979) suggested that met expectations have potential influence on turnover. Incongruence between what a person actually experiences on the job, positive or negative, and what they had expected may have relevance for turnover intentions and turnover behaviour. Porter and Steers (1973) noted that ‘when an individual's expectations are not substantially met, his propensity to withdraw would increase’. In this regard, Cotton and Tuttle (1986) argued that individual's whose expectations are met, are less prone to leave. It is found that leavers had much greater discrepancies between original job expectations (at the time of recruitment) and actual experiences than their counterparts (stayers). Griffeth et al., (2000) found that high performance employees had higher expectations of rewards, and if these expectations went unmet the odds of turnover increased. Griffeth et al., (2000) also elaborated the other behavioural predictors of turnover e.g. signaling acts as lateness, absenteeism, and poor job performance. Patterns of such behaviours, enacted by disgruntled employees, have been labeled as responses that depict a progression of withdrawal and they argued that high performers are less likely to quit than low performers. Spector (1997a) has identified some common facets of job satisfaction, e.g. appreciation, communication, job content, nature of organisation,
personal growth/development, promotional opportunities, recognition, job security etc. Mobley et al. (1979) included under the umbrella of job satisfaction, in addition to economic factors, such facets as expected and actual promotions, perceived opportunities for promotion, and satisfaction with supervision/leadership, peer group relations/teamwork/group cohesiveness, perceived role of status, knowledge of policies and procedures and hours of work. Spector (1997a) provided a long list of work-related and personal job satisfaction antecedents. Work-related antecedents include job characteristics (e.g. skill variety, task identity, task significance, autonomy, job feedback and job scope), organisational constraints (e.g. information tools and equipments, material and supplies, budgetary support, required services and health from others, task preparation, time availability and work environment), role variables (e.g. role ambiguity and intra-role-conflict and extra-role-conflict), work-family conflict, job stress, work overload and work schedule. Personal antecedents which influence job satisfaction include personal traits (e.g. need for achievement, locus of control and negative affectivity) and person-job fit.

- **Role Ambiguity and Role Conflict**

  Beehr et al. (1976), Cordes and Dougherty (1993), Cooper (1991), Dyer and Quine (1998), Ursprung (1986) argued that role ambiguity exists when an individual lacks information about their requirements of his or her role and how
those role requirements are to be met in order to ensure that the role is being performed successfully. Jackson & Schuler (1985) and Muchinsky (1997) also found role ambiguity to lead to negative outcomes which in turn reduces confidence, a sense of hopelessness, anxiety and depression. Various researches have shown that stress factors such as role ambiguity, role conflict and work overload have differentiated degrees of negative relationship with job satisfaction (Currivan, 1999; Smith & Bourke, 1992; Starnaman & Miller, 1992). Currivan (1999) found that role ambiguity is more strongly related to job satisfaction than role conflict. In another study by Sommers (1995) revealed the role ambiguity and role conflict have relationships of various strength with extrinsic and intrinsic job satisfaction.

It therefore appears that higher job satisfaction is related to lower occupational stress and vice versa. However, a direction of causality cannot be specified for job satisfaction and occupational stress. Given the multi-dimensional nature of both the diversified relationship become rational expectation and may also be attributable to individual differences such as resilience and work motivation.

Role orientation or the relevance of one’s present job to their career has found to be significantly and negatively related to turnover (Graen & Ginsburgh, 1977). Mobley et al.’s (1979) job content factors, i.e. perceived intrinsic value of work, intrinsic motivation and intrinsic
satisfaction are found to be significantly and negatively linked to turnover. Griffeth et al., (2000) identified that job scope, routinization, work satisfaction, job involvement, as being the most relevant job content antecedents of turnover. It appears from the studies that work-role-overload, role ambiguity, job autonomy, work exhaustion and organisational support - all are associated with turnover.

- Work Overload

It has been suggested that IT professionals in many firms are continually asked to take on impossible workloads with deadlines (Bartol and Martin, 1982; Ivancevich et al., 1983). The primary component of job burnout, exhaustion, is defined as the depletion of mental resources (Schaufeli et al., 1995). Consequences of exhaustion are job dissatisfaction (Burke and Greenglass, 1995; Maslach and Jackson, 1984; Pines et al, 1981; Wolpin et al., 1991) reduced organisational commitment (Jackson et al., 1987; Leiter, 1991; Sethi et al., 1999; Thomas and Williams, 1995) and enhance turnover intention (Jackson et al., 1986; Jackson et al., 1987; Pines et al., 1981). Numerous studies have reported evidences like work overload, role ambiguity, and role conflict in determining turnover decisions (Bostrom, 1981; Goldstein and Rockart, 1984; Ivancevich et al, 1983; Li and Shani, 1991; Sethi et al, 1999; Weiss, 1983).
**Occupational Stress and Stressors**

There are abundance of theories that aim to explain antecedents of occupational stress or stressor (Luthans, 2002; Spector, 2000). Stressors are work overload (being overwhelmed by amount or complexity of work), role ambiguity (uncertainty about job description), conflicting job roles, lack of influence over the work environment, inadequate work environment, demand made by external agencies, poor relations with colleagues, lack of support from supervisors, mismatch with the existing climate and work culture (Borg & Falzon, 1991; Dinham, 1993; Kyriacou, 1989; Manthei & Gilmore, 1996; Solman & Feld, 1989). In the literature (Borg et al., 1991; Burke & Greenglass, 1994; Davis & Wilson, 2000; Day et al., 1998; Kyriacou & Sutcliffe, 1978; Laughlin, 1984; Manthei & Gilmore, 1996), a negative relation between job satisfaction and occupational stress has been well established.

**Job Dissatisfaction**

Over the last more than two decades theories on how job dissatisfaction progresses into withdrawal have dominated the turnover researches (Hom et al., 1992; Hom and Griffeth, 1995). The preoccupation with intermediate linkages between job attitudes and resignations has clarified the termination process and identified new constructs mediating the dissatisfaction-quit sequence (Mobley, 1977). Based on nursing turnover phenomenon, Hom and Griffeth’s model, (1991) offered a more complete understanding of how dissatisfaction drives quits. However, nursing-quiats are poorly represented organisational withdrawal in other
occupations, as nurses often resign without concrete job offers in hand (Lee et al., 1996; Steel and Griffeth, 1989) and pursue alternative jobs after giving up current positions, i.e. temporarily abandoning the labour market (Hom et al., 1992). Though nurses’ job-to-unemployment transitions conform to the withdrawal cognition-quit path in Hom and Griffeth’s scheme but their termination pattern may be unusual because incumbents in other vocations more often solicit or secure jobs before exiting (Mobley, 1977). As a result, generalisation of Hom-Griffeth model becomes crucial because the model is based on nursing samples (and women) and varies significantly from the turnover among incumbents in different careers (and men) (Lee et al., 1999; Steel and Griffeth, 1989).

To clarify in a better way how dissatisfaction prompts turnover Hom and Kinicki (2001) integrated three new constructs into Hom and Griffeth’s (1991) model such as inter-role conflict\textsuperscript{13}, job avoidance\textsuperscript{14} and unemployment. Formal incorporation of inter-role interference into turnover perspective is imperative as more mothers, single parents, families with elder-care duties and dual income families in the workforce increasingly face conflict between occupational and home lives (Frane et al., 1997; Netermeyer et al., 1996). Lee et al. (1996, 1999) found that external ‘shocks’, such as non-work life events like pregnancy and unsolicited job offers, often trigger leaving. Therefore, inter-role conflict and

\textsuperscript{13} \textit{Interrole Conflict} implies collision between work and nonwork role demands (Kossek and Ozeki, 1998)

\textsuperscript{14} \textit{Job Avoidance} implies a family of functionally equivalent responses that employees make distance from frustrating workplaces (Hanisch, Hulin and Roznowski, 1998)
unemployment might well reflect potential non-work and unsolicited job offer shocks respectively. The theorists (Mobley et al., 1979; Steers and Mowday, 1981) have primarily stressed on how extra-work values interrupt and dissatisfaction translate into exits. In contrast, in the work-family conflict literature, it is job switches which hinge more on work interfering with extra-work endeavours (Cohen, 1997; Netermeyer et al., 1996). Higgins et al., (1992) claimed that work-family interference undermines the quality of occupational lives because the working condition (long hours, work overload) behind this conflict also induced dissatisfaction (Frane et al., 1997). Inter-role conflict may create job dissatisfaction indirectly by diminishing the quality of private life. Frane et al. (1997) argued that heavy job obligations drain time, energy and attention away from non-work roles, hampering compliance with those roles. Hom and Kinicki (2001) shown that inter-role conflict increases dissatisfaction. They argued inter-role conflict induces withdrawal cognitions, triggering the withdrawal sequence independently of dissatisfaction.

Occupational stress theories sustain this assertion and proposing that employees exit aversive situations that exposed them to incompatible role demands (Greenhaus et al., 1997). Higgins et al. (1992) argued that work-family interference arouses resentment among family members as overworked spouses and parents lack the time and energy to participate in family matters because exorbitant work involvement threatens a family’s quality of home life (Frane et al. 1997) and family members may encourage employees to quit (Lee and Maurer,
In this regard, Cohen (1997) observed how inter-role conflict stimulates withdrawal cognitions and Bretz et al. (1994) found that lesser work-family tension leads to lower quit decisions.

- **Job Avoidance**

Since the publication of March and Simon’s (1958) ‘psychological quits’, ‘job avoidance’ construct is gaining a prominent place in the withdrawal literature. In several perspectives, job avoidance is an immediate reaction to dissatisfaction that substitutes for exits (Hulin et al., 1985; Mobley, 1977). Performing alternative withdrawal acts would reduce incumbents’ quitting tendency because these acts help them to adjust job frustration (Rosse and Hulin, 1985). However, according to progression-of-withdrawal and cusp-catastrophe model, job avoidance predates and reinforces exit propensities (Krausz et al., 1998; Sheridan, 1985). The theories also diverge over when job avoidance occurs after dissatisfaction arises (Mobley, 1977) or after job pursuit’s falter (Steers and Mowday, 1981). Substantial controversy persists over whether job avoidance weakens or strengthens the existing process of dissatisfaction to departure progression. Very few scholars (Krausz et al., 1998) have taken into account of the causal role of job avoidance in the intermediate linkage process and attended only to its bivariate relations with attitudes and turnover (Hom and Griffeth, 1995). As an early form of withdrawal, job avoidance intensifies withdrawal cognitions. Some potential leavers behave in the way to provoke sanctions from employers, helping them to resolve any ambivalence about leaving (Ebaugh, 1988).
other, unhappy employees who temporarily evaded the workplace may become unhappier as they retrospectively infer that they must dislike their jobs because they missed work or were late (Krausz et al., 1998; Rosse and Hulin, 1985). Krausz et al. (1998) observed that absence and tardiness reinforce quit intentions and cusp-catastrophe research revealed that increasing absenteeism foreshadows the transition from current employment into exit (Sheridan, 1985).

- **Dispositional and Cultural Influence**

  In the last two decades significant research has been carried out to understand dispositional and cultural influences on job satisfaction. In this regard, Staw and Ross (1985) demonstrated that a person’s job satisfaction scores have stability over time, even when he or she changes jobs or companies. Weiss and Cropanzano (1996) suggested that disposition may influence the experience of emotionally significant events at work which in turn influences job satisfaction. Brief (1998) and Motowidlo (1996) have developed theoretical models for better understanding the relationship between dispositions and job satisfaction. Judge et al. (1998) and Judge & Bono (2001) observed that a key personality trait, core self-evaluation correlates with employee job satisfaction. They found that one of the primary causes of the relationship is the perception of the job itself and is linked to personality trait to predict job satisfaction (core self-evaluation). Judge et al. (2002) also observed that some other personality traits such as extra version and conscientiousness also influence job satisfaction.
There is a small but growing body of research dealt with other influences, such as culture or country on employee attitudes and its relationship with job satisfaction. The most cited cross-cultural work on employee attitude is that of Hofstede (1980, 1985) in which he grouped the employees into four major cross-cultural dimensions\textsuperscript{15} where countries systematically varied along these dimensions. The Hofstede’s (1980, 1985) four dimensions have been a useful framework for understanding cross-cultural differences in employee attitudes as well as recognizes the importance of cultural causes of employee attitudes. Saari (2000), Saari & Erez (2002), Saari & Schneider (2001) have shown that country/culture is as strong a predictor of employee attitudes as the type of job a person has. Jackson (2002) also observed the importance of country/culture and found that the extent to which employees’ are viewed and valued across countries/cultures in instrumental versus humanistic ways. In addition to this, employees’ work situation also matters in terms of job satisfaction and organisation impact. The common parlance is that the most notable situational influence on job satisfaction is the nature of the work itself often called ‘intrinsic job characteristics’. The job satisfaction with the nature of the job itself includes job challenge, autonomy, variety and scope (best predictors of overall job satisfaction) as well as other important outcomes like employee retention (Fried and Ferris, 1987; Parisi and Weiner, 1999; Weiner, 2000).

\textsuperscript{15} Cross-Cultural dimensions are individualism-collectivism, uncertainty avoidance versus risk taking, power distance or the extent to which power is unequally distributed and masculinity / femininity more recently called ‘achievement orientation’.
Geographical Heterogeneity and Job Market

It is revealed by the large scale sampling over heterogeneous geographical areas and occupations that there are non-trivial direct ‘unemployment’ effects on turnover (Dickter et al., 1996; Gerhart, 1990; Steel, 1996). One of the criticisms of these studies is that the studies have overstated direct labour market effects by failing to fully controlled potential mediators such as the perceived quality of alternatives or withdrawal’s expected utility (its cost and benefits) (Hom and Griffeth, 1995; Mobley et al., 1979). Actually such findings were mounting challenges to the theory of job alternatives as a cause of individual-level quits (Hulin et al., 1985; Steel and Griffeth, 1989). In several theories, indirect employment market effects that are transmitted via other antecedents are proposed (March and Simon, 1958; Mobley et al., 1979), and in other perspectives direct influences are presumed (Hulin et al., 1985). Hom and Kinicki (2001) precisely estimated direct job market effects within the context of multivariate (Hom and Griffeth, 1995) framework comprising a broader array of mediators (Steel, 1996). Their finding corroborates formulation specifying direct unemployment effects on individual quits (Gerhart, 1990; Hulin et al., 1985) and refutes pervasive doubts about their significance (Steel and Griffeth, 1989). They argued that direct job market effects on turnover are independent of job satisfaction which extends retrospective reports that job offer shocks can stimulate satisfied incumbents to quit (Lee et al., 1999). Declining employment has several intervening links in the job search sequence. Therefore, recessions weaken the control that withdrawal cognitions have over withdrawal’s expected utility. During down turns, even
employees thinking about quitting become pessimistic about their chances for other jobs or the benefits of leaving.

### 4.2.2 Impact of Economic Factors on Employee Turnover

March and Simon (1958) viewed that the most accurate single predictor of labour turnover was the state of the economy. Therefore, economic determinants have the most forceful impact on turnover (Muchinsky and Morrow, 1980). Mobley et al. (1979) observed that employees’ ‘expected and actual salary’ and ‘compensation adjustment’ are the most important determining factors of job satisfaction. Bernardin (2007) defined ‘compensation’ as all forms of financial returns and tangible benefits that employee receives as part of employment relationship. In fact, benefits are the indirect financial and non-financial payments employees receive for continuing their employment in an organisation. Bernadin (2007) argued that legally required benefit programs include social security, workers compensation while discrentional programs include health benefits, pension plans, paid time off, tuition reimbursement, recognition award, foreign-service premiums, responsibility allowance, child care, on campus accommodation, promotion, annual increment and a host of others. Various studies have established close relation between salaries/benefits and job satisfaction which in turn, affects employees’ motivation towards their job performance and organisational commitment. A good scheme of service should
aim at to provide for a clearly defined career structure which will attract, motivate and facilitate retention of suitably qualified and competent personnel.

A grade and pay structure is a medium through which the organisation can communicate the career and pay opportunities available to employees (Armstrong and Murlis, 2004). Spector (1986) also identified employees’ ‘pay’ and ‘fringe benefits’ as facets of job satisfaction. It has been observed that the large and persistent differences in ‘pay’ for a given occupation initiate employees’ turnover intent. The turnover variant of the efficiency wage model (Stoft, 1982; Akerlof, 1984) assumed that firms bear part of the cost of turnover and that turnover decreases with wages. Firms with higher turnover costs have an incentive to pay high relative wages to reduce turnover (Stiglitz, 1974; Salop, 1979). Firms also have an incentive to use tenure bonuses or to have workers post bonds or pay for their own hiring and training costs (Altonji and Shakotko, 1985; Abraham and Farber, 1986). Where these alternatives are restricted, the turnover model predicts that high wages, associated with high turnover costs, will cause lower turnover rates (Leonard, 1987). Leonard (1987) argued that the turnover version of efficiency-wage model predicts that wage bonuses are paid up to the point at which further reductions in turnover ceases adding to profits. The association between higher wages associated with lower turnover rates; however the reductions in turnover achieved are not sufficient to establish the profitability of wage bonuses.
Human resource management considers salary as an effective motivating factor taking into account its four major components. These are job rate (which relates to the importance the organisation attaches to each job), payment (which encourages workers or groups by rewarding them according to their performance), personal or special allowances (associated with factors such as scarcity of particular skills or certain categories of information professionals with long service) and fringe benefits (such as holidays with pay, pensions and so on). Akintoye (2000) asserted that ‘money’ remains the most significant motivational strategy. In this regard, Taylor and his scientific management associate (1911) observed that money as the most important motivating factor to the industrial workers towards achieving greater productivity. Taylor advocated the establishment of incentive wage system as a means of stimulating workers to higher performance, commitment and eventually satisfaction. Here, money symbolizes as an intangible goals like security, power, prestige and a felling of accomplishment and success to the worker. Katz (1986) demonstrated the motivational power of money through the process of job choice and explained that money has a power to attract, retain and motivate individual towards higher performance. Banjoko (1996) observed that the managers use money to reward or punish workers through the process of rewarding them for higher productivity and punishing poor performers by instilling fear of loss of job. The desire to be promoted and earn enhanced pay may also motivate employees.
March and Simon (1958) recognized the importance of availability of alternative jobs in employee's turnover decisions. In fact, an escalation of employment and perceptions of abundant job prospects act as strong pull factors, while high unemployment acts as a push factor keeping employees from leaving their posts. Price (1977) looked at employment levels or job vacancy rates and their relationship with turnover. Mobley et al. (1978) found that expectancy of finding an acceptable alternative position was significantly and positively related to intention to quit but not to actual quitting. However, Mobley et al. (1979) observed that the intention to quit was significantly and positively related to turnover. Steel & Griffeth (1989) and Griffeth et al.’s (2000) meta-analyses the ‘perceived job alternatives’ are found to have weak, albeit significant, predictive ability of turnover. In this regard, Griffeth, et al. (2000) suggested that this reflects shortcomings in operationalising ‘perceived alternatives’.

Quite a good number of studies have found significantly negative impact of quits on firm performance. Job matching theory, on the other, predicts that workers less suitable for the firm leave earlier; hence, there is room for labour turnover to improve performance by clearing the workforce of poor worker-job matches (Jovanovic, 1979). McEvoy and Cascio’s (1987) meta-analysis also affirmed the conclusion that good performers are less likely to leave than are poor performers’, which supports the main prediction of job matching theory. Williams and Livingstone’s (1994) meta-study on employee turnover supported McEvoy & Cascio’s (1987) study and proved an even stronger negative relationship between
workers’ individual performance and voluntary turnover when pay is contingent on performance.

Employees’ both general and specific on-the-job training have direct impact on employees’ productivity as well as on organisational outcome. The study by Owens (2006) revealed the overall impact of training and found its direct relationship between commitment and employee turnover. Guthrie (2001) found a dichotomy in the impact of turnover on productivity depending on the type of Human Resource Management (HRM) system in the firm. They observed a negative impact in high-commitment HRM systems (characterised by intensive training, performance-based rewards, employee participation, task diversity and job autonomy) and no impact in control HRM systems. Abelson and Baysinger (1984) concluded that there was an ‘optimal level of turnover’ across organisations. Glebbeek and Bax (2004) found an inverted U-shape relationship (using data from offices of 32 a temporary employment agency in the Netherlands over 1995-1998) between worker turnover and performance. However, Shaw et al. (2005) reported the opposite relationship (using U.S. and Canadian concrete plants and U.S. transportation companies) where they concluded that the relationship between voluntary turnover and workforce performance is negative so long as turnover increases. At the same time, it was reported that management of firms have affected employee turnover where variability of turnover rates across firms within narrowly defined sectors of economy and their persistency within a given firm depends on prevailing respective firms’ management
practices. Burgess (1998) has also argued that some managers will be better than others at choosing good matches, and dissolving odd ones. It is possible, therefore, that confounding the impacts of turnover itself and management partly mediated through turnover obscures the true role of labour turnover in firm performance.

Researches that are examining the economic consequences of employee turnover on the organisation are very sketchy and not purposely focused on economic impact on the organisation. However, Muchinsky and Morrow’s (1980) research was based on the study of turnover consequences that would expand the view of future studies addressing turnover. Hom et al.’s (1984) research also broadened Mobley’s cost of quitting, including perceived turnover costs and benefits (Hom and Griffeth, 1995). Determining the costs due to employee turnover is now becoming a common practice in many businesses (Graef and Erick, 2000; Cascio, 1991). In fact, costs of turnover include severance, training expenses, administrative and recruitment (Jeswald, 1974), disruption of operations (Staw, 1980), the creation of internal job moves, and a negative effect on attitudes of co-workers (Krackhardt and Porter, 1985, 1986). The methods for cost accounting of employee turnover began to receive attention in 1960s (Cascio, 1991).

Recently personal psychologists have focused their attention on methods for translating human resource information into financial terms such as cost-
benefit analysis, return on investment, break-even analysis- all these approaches are grouped under the phrase ‘utility analysis’ (Boudreau, 1991; Cascio, 1991). Cascio (1991) identified specific cost elements directly related to employee turnover and includes two additional costs- vacancy cost (production cost and any costs associated with maintain required production levels, the loss of employee skills and the subtraction of wage and benefits saved during the vacancy) and training cost [the costs incurred through the provision of classroom and field training provided as pre-service training required for all new hires (Graef and Erick, 2000)].

4.2.3 Impact of Demographic Factors on Employee Turnover

The demographic constitution of an individual may influence several important behavioural patterns like job tenure, communications within the firm, job transfers, promotions and turnover (Pfeffer and Moore, 1980; Pfeffer, 1983; Pfeffer 1985; Wagner et al., 1984; O’Reilly et al. 1991; Jackson et al. 1991). It is revealed from the works of Bluedorn (1982) and Price & Mueller (1986) that ‘age’ and ‘length of service’ of employees are important influential factors in determining voluntary turnover. Both age and job tenure has found to be negatively related with turnover (Porter and Steers, 1973; Cotton and Tuttle, 1986; Griffeth et al., 2000). In this respect Porter and Steers (1973) argued that since age is correlated with many other variables, it contributes little to our understanding of turnover when examined on its own. Taylor et al. (1996) have observed that for the successful managers with higher levels of responsibility,
lengthening job tenure decrease their affective commitment and increase the likelihood of turnover. In the management literature, the negative impact of lengthening job tenure becomes an important concern of organisations. In this regard Fisher (1990) argued that the proposed effects of lengthening job tenure might be disputed with the argument that the large scale downsizing by many corporate throughout the last decade and the general slowdown in organisational growth would have offset managers’ expectations of high job mobility. However, both anecdotal evidence and empirical research suggests that managers’ mobility and expectations are high and optimistic rather than closely reflective of reality.

Rosenbaum (1989) has empirically examined and found that the growing unpredictability of organisational life and opportunity structures are poorly comprehended by most of the managers. It was found that middle aged (35 to 44 years of age) and older (45+ years of age) managers often ignore or misperceive objective information about the availability of career opportunities and hold unrealistically optimistic expectation for their own mobility. Mathieu and Zajac’s (1990) meta-analysis indicated a slight positive relationship between organisational tenure and commitment where they observed longer organisational tenure causes individual’s to make investments that are not easily transportable to another employer (e.g. acquisition of firm specific knowledge, financial options that are not vested). Hence, over time the desire to remain organisational member increases. However, Stevens et al. (1978) found a negative relationship between position tenure and commitment and proposed that favourable job dimensions
(such as position level or advanced technology) may contribute positively to commitment whereas unfavourable dimensions (such as too much time in a position) may contribute negatively to commitment.

Mangione’s (1973) multivariate study, on the other, suggested that the length of service or tenure is one of the best individual predictors of turnover. Employee turnover is more prevalent among younger employees with lesser tenure. There are numerous explanations as to why younger employees quit. With few exceptions younger employees are in a transitional phase in their career path and the vast majority of them try to explore the various career options available. In fact, they are simultaneously searching for job, company and industry characteristics that will offer them the most personal and career oriented satisfaction. Brown (1989) observed that ‘boredom, mismatched values and conflicts with other life roles can create personal unrest and trigger job movement-upward, downward, lateral and outward’.

In many studies, age becomes one of the factors affecting job satisfaction. Davis (1988) observed that older workers are more satisfied. Kose (1985), on the other, found a meaningful relationship between the age and job satisfaction. Various studies tried to establish relationship between age and professional experience (D’elia, 1979); age and educational level (Wellmaker, 1985); age and level of wages (Adeyemo, 1997); and age and sex (D’elia, 1979; Lynch and Verdin, 1987). Oshagbemi (1999) observed that job satisfaction has a direct
positive relationship with occupational level and argued that this intrinsic satisfaction as major contributor in job satisfaction over the workers’ job tenure. He found a significant relationship between job satisfaction and length of services which appeared to be positively related in the first half of job period and negatively related in the second half and that constitute a U-shape.

The study by Stumpf and Dawley (1981) found that men were more likely to quit job. On the other, quite a good number of studies (Marsh and Manari, 1977; Cotton and Tuttle, 1986; Hom and Griffeth, 1995) have found that women are more likely to leave than men. However, Griffeth et al.’s (2000) meta-analysis found that women and men have similar turnover rates. Marta M. Elvira (2001) found that women were less likely to leave when more women were employed at their own job hierarchy. Their decision to leave was otherwise affected by the number of women in higher levels of hierarchy. Men's turnover was not significantly affected by the proportion of men in their own hierarchical level or immediately above their level, but decreased when more men were employed in executive levels.

The demography, culture, and network associations examine the effects of social structure on behaviours, attitudes, and opportunities. Social structure affects different individuals differently and different aspects of that same social structure have differing effects. For instance, women have less overlap between their work-related network ties (which are more often with men) and their social support
network ties (more often with women) and thus do not benefit from combining such networks as men do (Ibarra, 1992). According to Tolbert et al. (1995) women are more satisfied with and attached to their jobs when they work with more women. On the basis of this theory and evidence, we expect women to be less likely to leave when they work with more women at their job level. Consistent with this similarity attraction prediction, Tsui et al. (1992) found that men's psychological attachment diminishes with increasing proportions of women. This theory and evidence suggest that men, like women, will be less likely to exit when there are more men working at their job level.

These gender issues may also be perceived from a study on minority behaviour. Pfeffer (1983) argued that regardless of whether an individual is a minority or a majority group member, that individual will be affected by being similar to or different from the rest of the group. Griffeth et al. (2000) did not found any significant relationship between race and turnover but they recognize that others (Hom and Griffeth, 1995) have found that visible minority employees are more likely to turnover. This implies that racial minorities are prone to exit when they are ‘under respected’ within their work groups. Very few studies have examined the relationship between family responsibilities and employee turnover. Mobley et al. (1979) observed that increased home-life demands decrease the likelihood of turnover. Cotton and Tuttle (1986) also reported that married individuals and those with dependent children are less likely to turnover.
4.3 Literatures on Employee Turnover of Information Technology (IT) and ITeS Industry

The technology based firms are in general, facing serious problems of employee retention (Aylin and Webber, 2000). Adams et al. (2006) argued that IT turnover remains a chronic problem and the problem worsens as the IT labour market tightens due to continuous decline in the supply of IT graduates, baby boomers retiring from the IT work force and the exponential growth of IT applications in organisations. Despite good number of studies on IT turnover that has been conducted in the last two decades; there is no symmetric review of this topic for collective understanding of accumulated knowledge on IT turnover phenomenon. Many theories such as ‘theory of organisational equilibrium’ (March and Simon, 1958), ‘the met expectations model’ (Porter and Steers, 1973), ‘the linkage model’ (Mobley, 1977; Mobley et al., 1978), ‘the unfolding model of turnover’ (Lee and Mitchell, 1994; Lee et al., 1996; Lee et al., 1999), and ‘the job embeddedness theory of turnover’ (Mitchell and Lee, 2001) have been advanced to explain why employees voluntarily leave their organisations. All the above traditional turnover theories try to explain the withdrawal cognition and job search behaviours between job satisfaction and turnover or highlighted the proximal relationship between turnover intention and turnover behaviour or provides alternative perspectives, suggesting that not all individuals leave because they are dissatisfied or they find better jobs. Most of the literatures on IT professionals’ turnover mainly focused on the turnover intentions and very few researchers have examined actual IT turnover behaviour.
Since the intention is a well established psychological precursor to behaviour in psychology (Fishbein and Ajzen, 1975) as well as in turnover research (Hom et al., 1992; Mobley et al., 1978), a considerable research on IT turnover intentions represents an important step towards understanding IT turnover behaviour (e.g. empirical results from turnover studies have shown that the turnover intention is a stronger predictor of actual turnover compared to other antecedents such as job satisfaction). In Hom et al.’s (1992) meta-analysis, it is observed that the estimated correlation between turnover intention and actual turnover becomes 0.36. Joseph et al.’s (2007) meta-analysis on antecedents to turnover intentions of IT professionals is an exercise of mapping onto March and Simon’s (1958) distal-proximal turnover framework. Their meta-analytic structural equation modeling showed that proximal constructs of job satisfaction (reflecting the lack of desire to move) and perceived job alternatives (reflecting ease of movement) partially mediate the relationships between the distal individual attributes, job-related and perceived organisational factors, and IT turnover intentions.

Some IT turnover studies at the firm level emphasized contextual factors related to IT (Ang and Slaughter, 2000; Cappelli and Sherer, 1991) and focused on internal labour market (Ang and Slaughter, 2004) and human resource practices (Ferratt et al., 2005) influence firms’ IT turnover rates. Bacharach (1989) tried to specify interrelationships among the existing antecedents to explain why IT professionals develop turnover intentions. Joseph (2006) argued
that firm specific human capital derived from long tenure within an organisation is important for IT professionals to perform effectively at work and it is costly for the organisations to replace this firm specific human capital. Employee turnover creates direct recruiting and training costs for organisations and also creates indirect costs due to disruptions in organisational processes. In this regard, Kochanski’s (2001) estimate showed that to replace an IT worker, an organisation may spend from one to seven times the employees’ annual salary. IT managers may opt for relational human resource strategies that invest in developing their IT professionals within a ‘community-based environment that provides employment security’ in order to retain key talent (Ferratt et al., 2005).

Organisational Commitment is a strong predictor of turnover (Griffeth et al., 2000). It measures the relative strength of an individual’s identification or involvement with an organisation (Mowday et al., 1982). The theory suggested that organisational commitment mediates the influence of attitudes, affective beliefs and job characteristics on turnover intention and actual turnover. The contemporary job design theory assumed that perceived job characteristics are important contributors to job satisfaction (Wong et al., 1998). Various researchers (Couger et al., 1979; Hackman and Oldham, 1980; Burn et al., 1994) have established the relevance of perceived job characteristics (such as autonomy, identity, variety, significance and feedback) to IT workers’ behaviour in the work place. These characteristics may be interpreted as cues from the
organisational environment about the value placed on work or the worker and have a direct effect on job satisfaction (Mathieu and Zajac, 1990).

In this respect, Thatcher et al. (2002) have tested a conceptual model linking perceptions of internal work environment and external markets to IT worker turnover. The model focused on organisational commitment as the primary predictor of turnover intention and suggested that organisational commitment mediates perceptions of the work place and external environment on turnover intention. However, their findings are similar to that of McLean et al.’s (1996) study which suggested that through cultivating positive beliefs about the job and attitudes towards the employer, managers may counter the influence of external markets on IT workers turnover intention. They observed that within the IT work force age and gender have mixed effect on turnover intention and actual turnover.

Age did not influence turnover intention or turnover because profession may serve as an indicator of comparable education or socialization processes. In this respect Griffeth et al. (2000) suggested that demographic differences such as age difference may be ‘washed out’ when research controls for factors like profession. Igbaria and Baroudi (1995) observed that female IT workers are more likely than their male counter parts to report turnover intentions. Given the dearth of gender-based research on IT workers, Thatcher et al.’s (2002) findings suggested that despite controlling
for tenure, gender becomes a positive predictor of turnover intention. Baroudi and Igbaria (1995-1996) also observed the importance of race which may impact IT workers career decisions. Thatcher et al. (2002) have shown that how perception of the internal and the external environment influence public sector IT worker turnover in the given situation of consistently high turnover rates in the public sector (Seiden and Moynihan, 2000) and increasing competition with the private sector for skilled labour (Burgess, 1998). The study also suggested that the managers foster organisational commitment as a means to mitigate the influence of robust external labour markets and through socialisation programmes (training or mentoring) organisations may cultivate shared norms and values that promote greater organisational commitment and diminish the relative importance of perceived job alternatives on the turnover intention of IT workers. Williams and Hazer (1986) have shown that job satisfaction predicts organisational commitment and has a mediated effect on turnover intention.

Market conditions also contribute to IT employee turnover. Government and industry reports suggested that scarcity characterises the IT labour market (Ferratt et al., 1999). Davidson (1999) argued that due to tight labour markets, organisations may have driven turnover rates higher by offering higher salaries and incentive packages to lure IT workers away from the current jobs. Mitchell et al.’s (2001) study observed that many technical
employees plan to leave their jobs after twelve months; when the time is up, they often quit, confident that they can find something else whenever they want. Acknowledging the IT labour market’s influence, the critics assert that the work environment drives turnover. They argued that organisations under-appreciate IT work and pay little attention to how it is organized (Barley, 1996; Cappelli, 2000). Lee (1999) observed that some IT workers’ jobs are segmented into high-pressure deliverables that are poorly integrated into the rest of the organisation. In this respect, critics’ arguments are that low satisfaction with the organisation and poor job design drive IT workers’ organisational commitment lower, turnover intention higher and consequently lead to actual turnover. The Management Information System (MIS) has given relatively little attention to examine the relationship between work environment (such as job satisfaction and/or perceived job characteristics) and market conditions (such as job alternatives or pay competitiveness) on IT worker turnover (Ang and Slaughter, 2000). However, to understand the turnover phenomenon, researches in organisational behaviour suggested to link internal and external factors to employee beliefs and behaviour (Griffeth et al., 2000).

In fact, most research on turnover in the IT profession examined intent to turnover from an intra-individual perspective (Ang. and Slaughter, 2000). From this psychological perspective, intended turnover
is a result of individual’s demography, job dissatisfaction, lack of organisational commitment (Ruhl, 1988; Discenza and Gardner, 1992; Igbaria, and Greenhaus (1992); Igbaria et al., 1994; Igbaria and Siegel, 1992; Joseph and Ang., 2003). Longitudinal studies of turnover in non-IT context (Farkas and Tetrick, 1989; Johnston et al., 1993; Kirschenbaum and Weisberg 1990; Vandenberg and Nelson, 1999) suggested that intent to turnover does not always predict actual turnover behaviour.

Various scholars (Cappelli, 1995; Steel and Griffeth 1989; Carsten and Spector, 1987) emphasized the importance of labour market parameters in influencing actual turnover patterns. Actual turnover behaviour is strongly influenced by Internal Labour Market (ILM) attributes (e.g. promotability, wage levels, skills demand) and availability of jobs (Hom and Kinicki, 2001; Trevor, 2001; Kirschenbaum and Mano-Negrin, 1999). The potential benefits of an ILM approach is that it focuses on organisational determinants of turnover than on individual or external labour market factors which are unpredictable, idiosyncratic or beyond organisational control (Ross et al., 1996; Roepke et al., 2000). Ang and Slaughter (2004) examined the technically-oriented IT jobs with their inherent craft-ILM characteristics generate higher rates of turnover than managerially-oriented IT jobs with their industrial-ILM characteristics. From an ILM perspective, organisations’ policies are to limit

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16 **ILM strategies** refer to the human resource rules, practices, and procedures such as hiring and promotion criteria, job ladders, wage systems and training procedures that are established by organisations to govern their workers (Kerr,1954; Doeringer and Piore, 1971; Osterman, 1982, 1984, 1987,1994).
hiring to certain jobs and posts of entry and reserve the remainder jobs in the organisation for already employed workers (Althauser and Kalleberg, 1981; Baker and Holstrom, 1995; Baker et al., 1993, 1994; Scherer, 1996). This practice of closing entry for a job is nothing but restricting the mobility of IT workers across different organisations and its resultant effect is less incentive for employee turnover in that job. Industrial and craft are two prominent forms of ILM strategies which depends on certain job attitudes (such as education requirement\textsuperscript{17}, time required for average proficiency, skill specificity, personality and merit in promotion) and external control (Osterman, 1982, 1984). These requirements are high and low under industrial and craft ILM strategies respectively because the level of organisation specific skill required for the industrial worker is higher than that demanded from a craft worker.

Earlier IT employees' career orientations are found to be most relevant for the managerial and technical categories of workers. The roles of Chief Information Officer (CIO), Application Development Manager (ADM\textsubscript{S}) and Infrastructure Management (IM) are more managerially oriented than technically oriented. These roles include managing projects, allocation resources, planning, organizing, leading and motivating subordinates to ensure that the goals of the organisation and the objectives of the IT department are fulfilled. These managerially oriented IT jobs are typically promotional oriented from within the organisation because it requires organisation specific knowledge, education, 

\textsuperscript{17} Education requirements are defined in terms of the minimum level of training required for an entry worker to perform successfully in the organisation (Osterman, 1982).
proficiency, skill specificity and most important of all is personality; merit and extent of control. On the other, technically oriented IT jobs require less organisation specific skills and have relatively low required levels of education, less time for proficiency and low extent of control. Therefore, technically oriented IT jobs tend to be occupied by individuals hired from outside rather than promoted from within. Ang and Slaughter, (2004) found that managerially oriented IT jobs clustered under industrial-ILM strategy while the technically oriented IT jobs clustered under a craft-ILM strategy. They showed that the industrial-ILM strategy experienced higher retention of IT professionals than the craft-ILM strategy. They also found that some organisations choose to organize their technically oriented IT jobs in a craft-ILM strategy while other organisation preferred an industry-ILM strategy. According to them these differences are in the need for flexibility, cost minimization and predictability as manifested in the institutional and industrial factors and the focus on IT where associated with an organisation’s choice of particular ILM strategy for it’s technically oriented IT jobs.

It is clearly evident that today’s societies around the world become more and more reliant on information provided by technology. For this reason it is quite obvious that employees possessing such skills are well valued and will remain valuable in the future. As a result, even in the present uncertain job markets the importance of recruiting and retaining valuable IT employees remains high
Attempts to recruit high skilled and IT experienced personnel and to retain them, the strategies of an organisation are in general, include enhancing pay (Wolpin et al. 1991) and offering perks and non-salary compensation such as company out, lunches, out-off-town conferences and bonus for performance (Mitchell et al., 2003). This practice has been carried out by the companies with the expectation that these perks etc. would increase job satisfaction and reduce employee turnover. However, the effectiveness of this measure is in question (Houkeslne, 2001).

The crux of the problem however lies in the organisational internal environment, external labour market condition as well as employees’ perception and attitude towards life and work. In this regard, it is observed that the most important factor for the IT professionals is ‘work exhaustion’ or ‘job burnout’, which is significantly correlated to the organisational commitment, job satisfaction, and consequent turnover intention. The phenomenon of work exhaustion was originally encompassed by the construct of ‘Tedium’\(^{18}\). It is the result of too many negative features like pressures, conflicts, and demands combined with too few positive features such as rewards, acknowledgments, and successes (Kanner et al. 1978) as experienced by workers in high technology organisations. Pines et al. (1981) also observed that most people develop tedium (or exhaustion) when their life imposes much more stress than available support, although one may be able to stay in a demanding situation when one feels valued.

\(^{18}\textit{Tedium} \) is defined as a state of physical, emotional, and mental exhaustion caused by long-term involvement in demanding situations (Pines et al. 1981).
and appreciated. Stress related symptoms include feeling of restlessness and inability to concentrate, feeling of irritation and tension, feeling of tardiness and having low energy (Weiss, 1983).

Researches (Jackson et al., 1986; Saxton et al., 1991) on ‘job burnout’ (the result of constant or repeated emotional pressure associated with an intense involvement with people over long periods of time) have focused on the emotional exhaustion component of tedium. Kilpatrick (1989) argued that the term ‘job burnout’ has come to be associated with the emotional exhaustion experienced by people in human service professions, primarily health care, social services, criminal justice, and education. In this regard, Schaufeli et al. (1995) stated that the primary component of ‘job burnout’ or ‘work exhaustion’ is responsible for the depletion of mental resources. The consequences of exhaustion are reduced job satisfaction (Burke and Greenglass 1995; Maslach and Jackson 1984a; Pines et al. 1981; Wolpin et al. 1991); reduced organisational commitment (Jackson et al. 1987; Leiter 1991; Sethi et al. 1999; Thomas and Williams 1995); and higher turnover or turnover intention (Firth and Britton 1989; Jackson et al. 1986, 1987; Pines et al. 1981).

Lee and Ashforth’s (1996) analysis on different dimensions of emotional exhaustion to job burnout provided a strong support for the antecedents of role conflict and work overload and the consequences of reduced organisational commitment and increased turnover intention. In this perspective, it is observed that the world top most four IT/ ITeS companies (Proctor and Gamble, Hewlett
Packard, Wal-Mart and IBM) have focused on the corporate culture and adopted various pro-employee-welfare programmes. The pro-employee-welfare programmes include IBM’s on-site education program, improved work environment, higher average wages (exemplifying company success), company and family function (to encourage company loyalty), survivor benefits and paid vacations; Wal-Mart’s open door policy; Proctor and Gamble’s eight-hour workday and Hewlett Packard’s focus on the sensitivity of the employees by empowering them (to encourage the whole company to move in one direction). All these implemented strategies of the companies have proven to be successful in retaining employees.

We have so far dealt with the literatures on employee turnover which are pertinent to our present study. The literatures cover both the processes and factors influencing the employee turnover phenomenon. Various terminologies related to employee turnover phenomenon have appeared in the above literatures and that demanded clear conceptions of these terminologies for better understanding the phenomenon. For this reason the following chapter-5 is assigned to develop a conceptual framework.