Objective of the Study
Chapter 6

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The intellectual capability, sometimes called the human capital or human resource by the scholars of different school of thoughts, is the intangible productive power of human beings. This human’s intellectual power is dominating in each and every sphere of human activities. The concept of human capital is that people possess skills, experience and knowledge that have economic value to the firm (Schultz, 1961). It embraces abilities and knowledge of men and women that have been acquired at some cost and that can command a price in the labour market because they are useful in the productive process (Parnes, 1984). The spectacular technological changes that have been observed during the last few decades are the outcome of the human capital which shifted life styles and livelihood of human’s around the world. The scholars of social sciences are of the opinion that organisations’success in the present hypercompetitive markets depends more on innovation, speed and adaptability which are largely derived from firm’s own employees, i.e. the human capital and the way they are managed (Pfeffer, 1994; Wernerfelt, 1984; Levine, 1995; Lawler, 1996; Grant, 1996; O’Reilly and Pfeffer, 2000; Becker, 1975). As a result, employee’s skill and commitment has increasingly been recognized as an important element of a company’s success.
The direct relationship between human resources and organisational performance encourage the management school to develop well-designed human resource management practices for enhancing employee expertise, commitment as well as retention of talented employees to achieve business goals and/or objectives. From the organisational point of view, employees become the source and basis for utilisation of other resources. They can add value that has important impact on organisation’s ability to compete and positively affects its bottom line. Firms do not actually own human capital—it is embodied in employees who are free to move from one firm to another (Duncan & Hoffman, 1981; Tsang, 1987; Becker & Huselid, 1996) and even if they stay in the firm, their contribution depends on their willingness to perform. Both economic and management schools try to explain organisational performance differentials using different mixed approaches based on asymmetric information. Although a large number of academic literatures develop on the role of human capability functioning to organisation’s performance on different perspectives in their respective disciplines but the basic questions, e.g. why potential employees take decisions to quit firm under different socio-economic and political environments and how do employees decisions influence organisational performance (Beaker and Gerhart, 1996) remain to be answered.

The existing background theories and literatures on both voluntary and involuntary employee turnover have been presented in the earlier chapters. Now, it becomes apparent that most of the theories and empirical literatures are dealt with the aspect of unidimensional causal variable or attribute towards explaining the turnover phenomenon.
However, the voluntary employee turnover, the prime concerned of the present study, is the outcome of the interactions among multidimensional causal variables and attributes (e.g. economic, socio-cultural, psychological, environmental etc.) of different disciplines. Therefore, any study on voluntary turnover needs to be dealt with in a multidimensional and multidisciplinary perspectives. The present study is a multidimensional approach to the study on voluntary employee turnover with the major objective to bridge the existing research gap on this issue.

The voluntary turnover of the talented employees has attracted much attention amongst academia and practitioners because they often comprise the organisation’s core human capital and their departure may affect significantly organisation’s competitive advantages (Shaw, 1999; Houkeslnge, 2001). As a result, both theoretical and empirical literature on causes of voluntary employee turnover has been growing increasingly. The existing socio-economic environment has directly influences employees’ attitude towards life and work as well as the prevailing job opportunities in the market actually allows them to change jobs frequently. This necessitates studying the casual factors of employee turnover in India under the Indian socio-economic and market environment. Information Technology (IT) sector is the leading sector in the world as well as in India. In order to be in a competitive advantage, it becomes necessary to study the nature and extent of causal variables of employee turnover of IT firms. The present study is an endeavour in that direction.
In this present study we classified the causal factors of employee turnover into pull factors and push factors. Again, based on the characteristics of these factors and considering the Indian socio-economic and market environment, we have made the following two hypotheses regarding IT employee turnover.

**Hypothesis I:** Financial factor is the most important causal variable influencing turnover among the young employees.

**Hypothesis II:** Pull factors have stronger effect on turnover intention of employees than push factors.

Due to non-availability of necessary secondary data, we depend on primary information to test the above hypotheses. The methodology of primary data collection and the nature and extent of the primary information on which our entire analyses are based, is presented in the next chapter titled ‘Data and Methodology’.