CHAPTER ONE

JOB HOPPING, EMPLOYEE TURNOVER AND ATTRITION

1.0 Classification of Chapters and Chapter Frame

The research dissertation is divided into five chapters as listed below:

1. Job hopping, Employee Turnover and Attrition
2. Introduction to the industry
3. Methodology
4. Analysis and Findings
5. Summary and Conclusions

Chapter I - Discusses job hopping, employee turnover, attrition and also highlights the importance, the objectives and the scope of the study

Chapter II - Discusses the introduction of the industry, job market and the attrition trends

Chapter III- Discusses the research methodology and also presents the nature and the volume of the data collected using the conceptual framework

Chapter IV - Presents the analysis and findings of the study

Chapter V - Presents the conclusion and recommendations of the study

1.1 Job Hopping: A Social Phenomena

A person changing jobs frequently is termed as a job hopper. Job hopping by employees has existed ever since the inception of the telecom industry. An employee leaving an organization that did not meet his expectations when an
alternative position became available in another organization was considered normal (India Attrition Study, 2008).

The attrition rates on account of employee job hopping were insignificant compared to attrition due to normal causes such as superannuation, death etc., and remained so till the onset of economic liberalization. With significant changes to the composition of the players at the market place and changed rules of the game, employee job hopping has emerged as a concern of consequence to the Indian telecom organizations. The organizations had to endure the predators stalking their ranks. This sector is now dominated by multinationals and has aggressively set a foothold to consolidate their position, owing to emerging opportunities.

Employees with specialized skill and experience are being courted by employers to join their ranks at terms that are supposedly more luring than their current pay packages. This has resulted in a lot of mobility of employees from one organization to another. Organizations that are severely impacted by job hopping trends are trying to institutionalize various measures for employee retention. Emergence of commercial pacts as the basis for organization membership has had disturbing effect on the scene. But as every other phenomenon that emerges, it has to be understood, probed and managed. This piece of research seeks to provide a contribution towards this end.

Work in today’s organization is characterized by increasing complexity, rapid change and competitive business environments. In such a turbulent environment the organizations are facing a gradual shift in traditional employment relationships. Organizational loyalty is reported to be in decline as employee turnover increase.
We barely get to hear of a person who started his career with an organization many years back, dedicated his entire career growing with the organization and finally retired from the same organization. As it is said, nothing lasts forever; same is the case with jobs these days. Jobs today do not last unlike previous generations. In the past few years job-hopping has become so widespread across industries that even a four year stretch in the same organization is considered to be a stable job. Three jobs in less than a year no longer raise eyebrows and are considered normal. Job hopping, in fact, has become the new mantra for success. People no longer believe in sticking to one job and waiting for that golden leap to come (India Attrition Study, 2008).

In view of this social phenomenon, corporates are now adopting a strategy of golden handcuffs to prevent job hopping by employees. They are being lured with various benefits, stock options, performance bonuses etc. Employers that are on a look out for talent are consistently devising new strategies for attracting talent.

Job-hopping is becoming common with the rapid pace of modern life. Being a social phenomenon resulting from a variety of reasons, it does bring about a number of side-effects, such as high mobilization and instability. Not only are fresher’s changing jobs frequently, but senior professionals are also increasingly falling in the trap of job hopping. Senior professionals with excellent credentials are willingly changing jobs more frequently than ever before.

Some of the common reasons for hopping jobs as quoted by job hoppers include dissatisfaction with the job, lack of challenging work, lack of training and development, career planning, stagnation or less pay. A survey (Naukrihub, 2011) revealed that 24 per cent of the graduates from premier B-schools quit their first jobs
within 12 months of being hired. The eye-popping fat salaries appear to be one of the main reasons for their resignations. Job hopping also acts as a shortcut to success. Employees make their way to higher levels in the management hierarchy as each job change brings with it a hike in pay and position. Moreover, sticking to the same organization from which you started off your career is out dated now. It is believed that those who hang on to the same job are taken for granted and declared not competent enough to move ahead in their career.

India is a country booming with youngsters who are ambitious, optimistic and hard-working. At the same time they also crave for rewards and recognition. The first 24 months in the company is when they put in their best efforts. Employers get more passionate work out of people who are in the first two years than people who have been there a while and plan to stay longer. When boredom seeps in, hopping looks like a very lucrative option for them. And the vicious “2 years circle” continues. To retain them for a longer period, the only constant should be change itself.

The world has simply opened up with so much opportunity for them that they are not forced to stay in situations that do not suit them. They believe in “milking corporations for all you can while discovering what will really make you happy.”

1.2 Consequences of Job Hopping
Drop in productivity, increase in training costs, impact on work culture are a series of aspects associated with job hopping. No doubt job hopping has become the latest trend today, or a shortcut to success. A series of rapid, random and pointless moves will show up as annoyances on the resume. Employers view such contenders as lacking in loyalty, trust and self-motivation. Quick moves from one job to other raise big questions for prospective employers as to one’s staying power and ability to
withstand challenges, as well as accept accountability. Employer may question the candidate’s commitment to a particular organization. The future employers, who are probably looking for a long term employee, might not be impressed with the job hopping tendencies. They might perceive that one has become a job hopper may be because of inability to get along with colleagues or employers. Job hopping does not leave substantial time to acquire sufficient experience and hands-on skills. In many cases, after innumerable hops, one may find oneself at the same place where they first started.

The consequences of frequent job change are many, but the most affected area is loyalty with the organization. The word loyalty has become old fashioned and is no more considered a success mantra. Loyalty, which once has been considered a fundamental value in an Indian organization seems to be losing its relevance. People, especially younger generation, are highly career centric. They do not mind changing jobs too often if it helps them earn more and grow faster. They are ready to shift their loyalties for extra money, an additional perk or any other monetary consideration.

People living in the modern world are overwhelmed by job opportunities in so much that they live with the false notion that there is always something better. Thus their dissatisfaction towards the work at hand grows while their coveting after something else accumulates. With a vast ocean of job positions which are prone to be in India, people are becoming more and more fervent about job-hopping.

The attrition rate of an organization has an important bearing on its outcomes. An analysis of the changing paradigms, the cost of employee turnover, the employee perspectives and the new retention methodologies have become imperative for the
organizational frontline people managers. People managers have a broader influence on the environment in which the employees carry out their work and are the primary link between the employees and the organization. Employee turnover (ET) is often utilized as an indicator of corporate performance and can easily be observed negatively towards the organizations efficiency and effectiveness. ET is a natural outcome of doing business, yet can be very harmful in large numbers. There is a strong evidence to support the fact that cultural flavors have impacted attrition regionally. The consequences of job hopping and the impressions employees leave behind is elaborated as under:

- Finding shortcuts for success
- Poor loyalty to employers
- Steep compensation increases with every job change
- Brain drain in a corporate
- Job hoppers are never concerned for the company or team performance, they only think of their growth
- All job hoppers are not smart, or dynamic in their career search, they may just be moving for superficial reasons, like money, designation or an overseas trip
- Quick moves from one job to another raises big questions for prospective employers as to one's staying power and ability to withstand challenges, as well as the ability to accept accountability
- The future employers, who are probably looking for a long term employee, might not be impressed with the job hopping tendencies
- Employers might perceive that one has become a job hopper may be because of inability to get along with colleagues or employers
• Too many jobs in less than two years time portray one as a ‘chronic job hopper
• A series of rapid, random and pointless moves will show up as annoyances on the resume
• Employers view such contenders as dysfunctional - lacking in loyalty, trust and self-motivation
• In case of lay off due to economic slowdown, the company will resolve to LIFO- Last in First Out norm

Higher pay and better employment prospects may be utmost for a person switching companies, but job-hopping can severely hamper career growth as well as wealth creation in long-term. The experts believe that sticking to the same company for more time, rather than aimlessly hopping jobs, can provide better learning and career momentum to young professionals.

As the liberalization, privatization and globalization is taking new avenues, employees are exploring new ways for survival in the corporate world. The things of the past were admired with the achievements but in today’s world with employee aspirations and expectations on the rise, corporate are faced with huge challenges on the employee retention front. Job-hopping is a brain drain for corporates and acquisition of talent and skilled professionals is a never ending saga.

Job-hopping is taking place in the corporate because of various reasons some of which have been quoted below:

• Poor human resource policies
• Lack of adequate training and skill development
• Work culture and leadership styles
- Lack of innovation at work
- Stagnation of pay and benefits
- Alternate job opportunities
- No differential treatment for top performers
- Lack of adequate reward and recognition measures
- Work fatigue (Operation and maintenance roles, surveillance and fault management role, Customer Care executives etc.)
- Increase in stress levels at the work place
- Low growth prospects
- Poaching by competition
- Job dissatisfaction

Corporate outlook on Job hopping

- Corporates meet the customer, business and technology demands by accepting job hoppers for satisfying short term goals
- They get the experienced and trained manpower at the cost of another corporate
- Corporate supremacy is being safeguarded
- Saves money, time in training and developing talent

Employee Perspective

- Candidate gets new avenues for learning and self development
- Higher pay and benefits can be negotiated
- Survival in the economy in case of lay off/ retrenchment
• Wide and varying exposure in different corporate adds to the experience and bandwidth

• It gives them new breath and the job satisfaction they are looking for

• Do not have to bother about increment / bonus depending on how the company performs since they switch companies on higher salary periodically

1.3 Costs Attributed to Job Hopping

Employee turnover represents significant costs to most organizations. Thus, it seems to be one of those areas in which the management can make a difference and one that can be measured in quantifiable, financial terms against targets. Some of the costs attributed are listed below:

• Separation

• Recruitment

• Training

• On-boarding

• Drop in customer experience and revenue

• Drop in company’s growth trajectory

• Loss of employee productivity

• Other administrative costs
Calculating the turnover rate at an organization can help reduce or at least control turnover-related cost. Most of the organizations calculate their turnover rate as follows:

\[
\text{Employee Turnover Rate} = \frac{\text{Total Number of People Exiting over period} \times 100}{\text{Average Total Number Employed over this period}}
\]

1.4 Employee Turnover and Attrition

Employee Turnover is defined as the ratio of the number of workers that had to be replaced in a given time period to the average number of workers.

Turnover has been defined as movements across membership boundaries of social systems. People switch jobs because they have an urge to try out new things or simply because it is fun doing so.

Ghiselli termed this phenomenon as HOBO syndrome. He described the hobo syndrome as the periodic itch to move from job in one place or to some other job in some other place. Ghiselli, argued that the wanderlust is derived from instinctive impulses and does not seem to result from organized logical thought, but rather from the internal impulsiveness of individuals. The second part of job hopping consists of social influences or turnover culture. Turnover culture makes hopping from one job to the other an acceptable behavior. Although, both downsizing and voluntary turnover have been topics of great interest in the organization literature, little research has addressed the possible relationship between the two (Judge, T.A. and Watanabe, S., 1995).

Shocks created by downsizing event itself and the severity of downsizing, pushes employees towards deliberate judgments about their jobs and perhaps to voluntarily quit their jobs (Rilovick, 2005).
Organizations are interested in being successful and employ several resources in an effort to attain that success. Arguably, people are the most important resource of any organization, making the most significant contribution to its success. However, when people decide to leave voluntarily, the overall effectiveness of the organization may decrease for several reasons. Functional turnover, when low performing employees are fired or when older employees retire, is a necessary and beneficial process. Dysfunctional turnover, when productive employees decide to leave an organization is the type of turnover that organization should take steps to avoid (Abelson and Baysinger, 1984). In the best of worlds, employees would love their jobs, like their coworkers, work hard for their employers, get paid well for their work, have ample chances for advancement, and flexible schedules so they could attend to personal or family needs when necessary. But then there is the real world. And in this real world, employees do leave, either because they want more money, are unable to adjust to the working conditions/the culture, their coworkers/bosses, or just want a change.

One of the most important reasons why employees leave organizations is their supervisor or team leader when they perceive a lack of trust or communication, relevant and timely feedback, appreciation and fair treatment. Employees resign for many different reasons such as better compensation, greater opportunities for learning and growth, the nature of the job, health reasons and hygiene issues. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce that 'pulls' them (Conway, 2009); on other occasions, they are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. Sometimes it is a mixture of both the pull and push factors. On some occasions employees prefer stability in comparison to training and developmental opportunities.
as the reason for voluntary turnover. Some additional thoughts on ET are presented below:

- High-turnover companies also tend to exhibit high turnover among clients and/or customers. At all levels of management, the pattern remains the same across manufacturing, marketing, and service sector. Junior managers cite compensation as the primary reason for leaving, managers at all other levels choose career opportunities, health and the nature of the job are relevant only for senior-level and top managers.

- Carrying the Pareto Principle (Pareto, 2011) to an extreme, 20 per cent of the employees would account for 80 per cent of the success. Thus, it makes sense for a company to focus 80 per cent of their retention efforts on 20 per cent of the people. However, given the high costs involved in mid-career hires, especially in software and telecom organizations, it is beneficial to create an environment where all their employees can continuously upgrade their skills-sets rather than let go of them.

Like recruitment, turnover can be classified into 'Internal' (employees leaving their current position, and taking a new position with the same organization) or External (employees leaving the organization).

Employee Turnover can also be classified as under:

- Voluntary Turnover- which is initiated at the choice of the employee

- Involuntary Turnover- where the employee has no choice in his/her termination (E.g. Long-term sickness, death or employer initiated termination)
Employee Turnover can be beneficial to produce some value or dysfunction if organizations lose employees they would like to retain. The traditional theory of how employees make the decision to leave a job focuses on employee’s level of satisfaction/dissatisfaction with their current employment and perceived ease of finding new employment.

There are many types of employee attrition (Towbridge, 2006) as mentioned below:

- **Market Driven** – based on the demand for a particular skill or ability in temporarily low supply countered by employers by increased wages, better benefits, escaping by relocation or site migration or relaxing hiring standards

- **Workload or Stress Driven** – occurs when there are not enough of the right people and overload of work and too much stress causes discontent, making the employees quit

- **Process Driven** - triggered by variables associated with job design and/or the organization such as lack of job clarity and ambiguity in role and responsibility or fear of obsolescence with rapidly changing technology

- **Society Driven** - Societal factors like peer pressure, ego clashes with spouse, family conditions, overall lifestyle and many more

- **Personality Driven** - They may range from emotional stability to the level of introversion and extroversion, from interpersonal relations to self-discipline

Typically, in organizations experiencing systemic or chronic attrition, a cycle develops. The Figure 1 illustrates how this spiral occurs.
As shown in Figure 1, employee turnover normally brings decreased productivity. People leave the organization, causing others to work harder contributing to higher employee turnover, increase in costs and drop in revenue. This often forces additional cost reductions and austerity measures in an organization. This in turn makes working more difficult, causing the best performers to explore alternate career options.

**Employee Attrition** can be defined as the reduction in staff and employees in a company through normal means, such as retirement and resignation. Attrition is commonly thought of as people leaving or terminating employment, but there can be two distinctly different types of attrition (Lawrence, 2003):

- Empty Chair Attrition- is a simple process wherein an employee leaves an organization
- Warm Chair Attrition- Employees quit from working/contributing but stay on. This refers to the phenomenon where a loss of workplace productivity results because employees dislike their jobs and just waits for the right time to quit and move with “Warm Chair Attrition”. This involves the following:
✓ Absenteeism
✓ People “attend” work but productivity drops
✓ People begin to focus more on their next job than their present job
✓ People become negative and can affect the performance of others
✓ When unemployment rates rise, the employees have made the mental decision to leave—but there are fewer opportunities

Hence, attrition poses serious problems and merits further research and analysis.

Attrition and job hopping can occur in our country either due to economic recession, mergers or acquisitions in the normal course. The career is very lucrative as this sector is booming, and offers an individual a variety of options. The penetration of the rural markets has thrown open opportunities and challenges for employers on the talent attraction and retention front. The current era is about reducing head count costs and managing a lean and mean organization. However, no organization would like its top performers and critical resources to leave when they are needed the most. High end talent is always lofty on aspiration and losing them to competition would be a high business risk. Therefore, identifying talent, drawing up career and succession plans, providing job rotation and sponsoring for training and management development programs would be essential to reduce organizational attrition rates.

One of the greatest strategies of war has been the strategy of attrition warfare, defined in military dictionary as the cumulative destruction of the enemy's material assets by superior fire power. This historical concept has now found its way to the corporate board rooms where organizational managers try to stay ahead of the competition by resorting to the poaching of their competitor's talent pools. There are
three specific knowledge types that are under attack through such an attrition strategy (APQC, 2003):

- Cultural Knowledge
- Historical Knowledge
- Functional Knowledge

1.5 Organizational Attrition Management Strategies

A research undertaken by LSA Global (LSA Global, 2010) has highlighted six dimensions that are most critical to influencing organizational retention. These dimensions are in turn aligned into three major components that are necessary for an organization to achieve world class retention. These components are:

(i) Manager Retention Practices

The research has consistently validated the reality that the manager plays a significant role in influencing the employee’s commitment level and retention. There are a number of manager retention practices which will increase the probability that an employee will remain committed to an organization over time. These retention practices represent the manager’s actual behaviors on the job and have little to do with the amount of classroom training received by employees. Most organizations ask their managers to place productivity as the highest priority, underscored by the pressures to fulfill stakeholder obligations. Good retention practices focus not only on what the employee is contributing to the company, but also focus on how the manager can create a climate so that the employee is retained and committed on a long term basis. Though managers play a very crucial role in retention, they do not
control all of the factors that can affect attrition. Therefore, the second component represents the organization's responsibility in the retention equation.

(ii) Organizational Retention Systems

There are a number of organizational systems and processes that influence retention. These include equity of pay scales. In addition there is evidence that an organization's recruiting systems and processes can significantly impact retention ratios. These systems support the manager retention practices, but they also increase the likelihood that employees are committed on a long term basis and are performing at their best.

(iii) Measurement and Accountability

It is imperative that an organization has a microscopic view of its attrition rates. This will help in uncovering the potential causes of attrition. A two pronged approach is generally recommended to manage an organizations attrition rates. These include:

- Identify top performers, reward and recognize talent
- Non performers put on performance improvement exercises

The following Table 1 presents a methodology for organizational attrition estimation and management.

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<thead>
<tr>
<th>Instruments</th>
<th>Predictors</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>Existing Survey</td>
<td>Attrition</td>
<td>Retention Prediction</td>
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<tr>
<td>People Processes</td>
<td>Development Initiatives</td>
<td>Bench Marking</td>
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<td>E-Surveys</td>
<td>Employability</td>
<td>Best Practices</td>
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<td></td>
<td>Work Environment</td>
<td>Strong Employees</td>
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Table 1: Organizational Attrition Management

The primary drivers for the organizational employee retention strategies include the following:
• Economic
• Replacement of the older generation with the younger generation
• Compliance
• Globalization
• Capital intensive to knowledge intensive
• Partnerships
• Individualization

To achieve organizational goals, leaders must ensure employees perform at high levels. In this context it is imperative that the HR manager of an organization understands the following:

• What motivates employees to work with commitment to the organization?
• What triggers superior performance?
• What actions drive employee retention?

Line managers directly control a majority of the effective drivers of employee performance and retention and play a critical role in the organization success. People managers have a broader influence on the environment in which the employees carry out their work. They are the primary link between the employees and the organization (Crockett, 1955). Managing employee attitudes drives performance and retention. Managers must build employee engagement with the broader organization, thereby increasing employee discretionary effort and intent to stay. In this context it is essential that good managers should (CLC, 2005):

• Amplify the good, filter the bad
• Connect employees with the organization and its success
• Instill a performance culture
- Connect employees with talented co-workers
- Demonstrate a credible commitment to employee development
- Provide fair and accurate informal feedback on performance
- Highlight employee’s strengths in performance reviews
- Clarify performance expectations
- Leverage employee fit
- Provide solutions to day to day challenges

Organizations need to adopt the ADIEU Model (India Attrition Study, 2008) to boost employee morale and loyalty towards the organization. The model includes the following:

- Affiliation
- Development Initiatives – Developmental activities within an organization
- Employability
- Your work environment

India Attrition Study, an initiative by PeopleStrong attempts to enable organizations to better manage their employee turnover by developing predictive retention practices, employee experience scores, benchmarking and employer branding through employee affiliation.

India Attrition Study is the first of its kind which focused on understanding employee attrition in the Indian context and developing enablers like "Predictive Retention Practices", "Benchmarking" and "Employer Experience Score". The study is focused to understand the drivers of employee attrition, and also how these factors impact the Organization’s bottom-line. The "ADIEU Model" examines a holistic matrix of predictors: Affiliations, Development Initiatives, Employability and your work
Environment. The study aims at benchmarking the organizations who have built significant value through strong association and affiliation as an employer, through "Strong Employers"

Finally, organizational retention strategies should focus on the following factors:

- Pay and benefits
- Training and skill development
- Reward and recognition
- Innovation and fun at work
- Growth opportunities

1.5.1 Employee Value Proposition as a Retention Measure

Employee Value Proposition (EVP) is a term used to denote the balance of the rewards and benefits that are received by employees in return for their performance at the workplace. Employee Value Proposition (EVP) is defined as a set of associations and offerings provided by an organization in return for the skills, capabilities and experiences an employee brings to the organization. The EVP is an employee-centered approach that is aligned to existing, integrated workforce planning strategies because it has been informed by existing employees and the external target audience. An EVP must be unique, relevant and compelling if it is to act as a key driver of talent attraction, engagement and retention. It has become closely related to the concept of employer branding, in that it is being used to define the underlying 'offer' on which an organization’s employer brand marketing and management activities are based. In this context, the EVP is often referred to as the Employer brand proposition. The value proposition should identify the unique people policies, processes and programs that demonstrate the organization’s commitment
to i.e., employee growth, management development, ongoing employee recognition, community service, etc. Contained within the value proposition are the central reasons that people will choose to commit themselves to an organization. The following Table 2 illustrates the concept of EVP:

<table>
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<th>Table 2: Employee Value Proposition</th>
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<tr>
<td><strong>Rewards</strong></td>
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<td>Organization</td>
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<td>People</td>
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Poor EVP delivery reduces employee intent to stay. The seven attributes of EVP for seeking commitment and intent to stay include:

- Compensation
- Future career opportunities
- Recognition
- Organization growth rate
- Organization stability
- Development opportunities
- A collegiate work environment

The seven elements of the core EVP impacts 56% of all the major talent segments in India. Employee engagement is to be seen through a comprehensive framework that includes (not limited to) the following (Wikipedia, 2008)

- Job role
- Engagement areas
- Employee development
- Work relationships
- Feedback and evaluation
- Learning
1.6 Review of Relationship between Job Hopping, Individual Career and Organization Success

The current generation which believes in quick results is, impatient, and driven by short term goals and motivated to earn quick money. They are very eager to enhance their skills and competencies and seek job enrichment and growth in quick succession. They fail to understand the contradiction of personal priorities vs business challenges. Remaining on a one sidetrack and not giving enough time has its own ill effects on both the employee and the organization.

Job hopping impacts the stability of business operations, productivity and has a bearing on manpower and other indirect cost. Organization which has strong employee retention processes normally enjoys good business results, owing to enhanced employee commitment. Employee career growth and progression cannot be expected at the cost of business results. Employees need to demonstrate commitment backed with superior performance to avail career growth and other rewards in an organization. Only when the discretionary efforts of employees are at the highest level, organization benefits resulting in growth and success. It is therefore imperative that employees understand and commit to organizations progress to avail long term benefits. Job hopping is a phenomenon which impacts both employee and the organization. The linkage between employee’s willingness to stay and organization success is direct and tangible in many ways.
1.7 Range of Past Studies

Severance pay, loss of productivity, recruitment, replacement, and training are all concepts that demand a significant amount of time and attention by human resource professionals. In the pressure to keep operating costs low, human resource departments (HRD) face tremendous pressures to develop and maintain a productive workforce. Therefore, a great deal of research has focused on employee turnover in an effort to understand the factors that contribute to an increase or decrease in its occurrence.

(i) Statistical Techniques

By using statistical methods such as logistic and linear regression, path analysis, structural equation modeling, and meta-analysis, researchers have made good progress toward identifying the relationship between certain predictor variables and the occurrence of turnover (Blau and Boal, 1987) (Hom and Griffeth et. al. 1992). Throughout these studies, regression techniques have been by far the most widely used techniques for predicting turnover, identifying the relationships that exist between those predictors, and giving an indication of whether or not a behavior such as turnover occurs. For example, Blau and Boal (1987) and many others have used regression models to predict turnover by measuring variables such as absenteeism, job satisfaction, organizational commitment, and job involvement.

Like regression, the other analytical techniques that appear in the turnover literature, such as structural equation modeling, path analysis, and meta-analysis (Hom and Griffeth, 1991) have been used to determine the correlation between predictor variables as well as between certain predictors and turnover.
The techniques failed to address questions about the time that it takes for turnover to occur. The fact that employees not only leave an organization for different reasons but also leave at different points in time raises the question of whether turnover in any organization occurs in a cycle and/or whether it is influenced by certain demographic and organizational characteristics. Researchers have acknowledged these deficits by calling for an increase in longitudinal research (Fabian, 1992) (Morita, Lee, and Mowday, 1989).

The problem with using longitudinal data comes when researchers have a desire to analyze data before all subjects have experienced turnover. Therefore, the need arises for an analysis technique that is flexible enough to allow the researcher to analyze data at varying points in time.

Survival analysis can aid in answering questions about time that are often left unanswered by linear and logistic regression (Allison, 1999), modeling techniques, and longitudinal procedures. The technique was originally developed by biostatisticians for the analysis of clinical lifetime data. The outcomes produced by survival analysis in these studies have led researchers to suggest the use of this analysis in studies of organizational behavior such as turnover (Morita, Lee, and Mowday, 1993). Morita, Lee, and Mowday suggested that survival analysis is a very appealing technique to use because of its applicability to several different types of research problems.

As mentioned above, it allows the researcher to examine the relationship of both the timing and occurrence of turnover to multiple predictors rather than focusing only on occurrence. Perhaps its greatest flexibility comes in its ability to be applied to studies where the dependent variable is binary, a measurement needs to be taken at several
points in time, and/or participants are entering and leaving the study at different times. With the technique, the probability of survival for each individual in each time period, the probability that turnover will occur in a particular time interval, and any distinctions between early and later exiting employees can be determined (Walker, 1988).

Duration of time is studied by examining two mathematical constructs – the survival function and the hazard function. The survival function indicates how likely it is that a randomly selected individual will survive a given interval. The hazard function detects changes in the slope of the survival function and is the conditional probability that a subject will experience the terminal event during a given time interval given that he/she survived up to that point. Examination of the plot of the survival function can identify high risk time periods, which are indicated by sudden changes in the slope of the survival function. The hazard function serves as a more sensitive statistical indicator of those changes in slope.

Therefore, by investigating the survival and hazard functions, it is possible to get an indication of the timing of turnover as well as the pattern of turnover. It is also possible to investigate the factors that are associated with the various patterns of turnover that have been observed. Demographic variables such as age, gender, position/title, number of absences, as well as organizational variables such as the ones in the literature can be examined for their relationship to turnover or survival.

A second advantage of this type of analysis technique is that, as compared to longitudinal data, can be analyzed before all participants have experienced the terminal event. Observations on participants who are still surviving at the time of the analysis are called censored observations because it is uncertain how long those
subjects will survive. Survival analysis, unlike other analysis techniques, allows for analysis to be conducted on these participants. A third advantage occurs when the entry time for participants is not simultaneous. Participants typically do not enter the study at the same time and this can cause a problem in analyses that cannot account for this as survival analysis is able to do. Further, when using techniques such as regression or ANOVA, participants who leave the study because of turnover have to be excluded from later analyses because of missing data, thereby reducing the power of the tests and introducing bias into the analyses. Survival analysis can accommodate this problem by assuming that subjects withdraw randomly throughout the interval and are in the study, on the average, for half the period of time represented by the interval.

(ii) Employee Turnover

Organization psychologists have long been interested in employee turnover and as early as 1955 and discussed the impact of employee attitudes on turnover. In 1958, March and Simon put forward the first model of employee turnover. By 1980, there were over 1000 articles and over a dozen review articles on the subject of turnover (Lee and Mowday, 1987). Now, at the turn of the century, there have been over 1500 studies in the area of turnover and this interest cuts across many national boundaries. This extensive research and interest demonstrates the status of turnover as a key issue in organizational psychology.

There are two major reasons why turnover is a central issue in the field of organizational psychology across the globe. First, turnover is related to low organizational knowledge, low employee morale, low customer satisfaction, high selection costs, and high training costs. Research has also shown that high
employee turnover is related to lower organization performance. Second, the
decision to turnover is often the final outcome of an individual’s experiences in an
organization (Hom and Griffeth, 1995). Accordingly, many studies have used
turnover as a criterion to evaluate the effectiveness of various organizational
processes, such as selection, training and coaching/ mentoring. Thus, understanding
the factors that influence turnover gives organizations the opportunity to reduce
selection and training costs, increase employee morale and customer satisfaction,
and enhance organizational productivity.

A survey conducted by the Society for Human Resources Management and Wall
Street Journal in the United State of America found that 35% of current employees
are actively seeking a new job and that 40% of employees are passively looking for
new jobs. At the global level, it is important to take a cross-cultural perspective on
turnover because the development of technology and communication services
makes it likely that large organizations will have employees in multiple
geographically distributed locations. Indeed, a survey by Mercer Consulting found
that about 44% of the 200 multinationals they surveyed reported an increase in the
number of international assignments both to and from locations other than their
headquarters over the past two years (Anuradha, 2007).

The study of turnover has a rich theoretical history in which multiple models have
been advanced to understand this complex decision (Hom and Griffeth, 1995). Most
of these models are based on the premise that if an individual is unhappy with a job
and finds another job, they are likely to leave the current job. Thus, the focus of most
turnover models is on job attitudes (job satisfaction or job commitment) as the
primary drivers of turnover (March and Simon, 1958). Other models have added
variables, such as the individual’s expectations about the job, ease of movement,
expected benefits from quitting, organizational structure, job search, and availability of alternatives, in an attempt to explain additional variance (Porter and Steers, 1973). While turnover models have increasingly become more complex, the most variance is still explained by some of the originally proposed variables, which are job attitudes (job satisfaction and job commitment), job alternatives, and job search (Griffeth, Hom and Gaertner, 2000; Hom and Griffeth, 1995).

As will be seen in the literature review on turnover, in spite of the intuitively appealing additions to the turnover models, these models have been unable to explain substantial variance in turnover. More recently, Lee and Mitchell (2001) suggested an alternative approach to turnover that goes beyond job satisfaction and commitment.

An increasing number of models that accurately predict employee turnover provide early detection of unanticipated turnover, particularly for high performance employees. Meanwhile, accurate prediction models also leave managers with adequate time to deal with turnover related management issues (Chao and Hong, 2007). Generally, two forms of employee turnover exist, involuntary turnover and voluntary turnover. Involuntary turnover is frequently defined as movements across organizational boundaries, over which employee is only slightly affected often due to dismissal, downsizing, compulsory retirement etc (Price, 1977). In contrast, voluntary turnover is defined as movements across organizational boundaries, over which the employee is heavily impacted this withdrawal from an organization is often categorized with absenteeism and lateness.
In accordance with the above definitions, involuntary turnover is most often initiated by organizational changes and institutional constraints, and it easy to understand the scope and affections for the organization. However, employers find it especially difficult to precisely predict the withdrawal forms, the affection and the timing of voluntary turnover in an organization, such as the number of individuals leaving, which individuals are leaving, and how individuals are leaving. In other words, the employers have to understand the damages resulting from high performance employees leaving and also the benefits resulting from poor performance employees leaving (Dalton and Todor, 1982), in addition to the methods of withdrawal used by departing employees. Therefore, the voluntary turnover modeling methodology and a novel predictive approach have attracted considerable attention during recent decades.

Job performance has become an increasingly popular influence or decision related to employee turnover and should be viewed as the initiated discrete choice of each employee. Job hopping and employee turnover are consistent with a time based variable that has some relationship with the career stage, work and family. Age also decides the role of a family life cycle. Hang and Chao suggested the logit and probit models to predict voluntary employee turnover (Chao and Hong, 2007).

Turnover among high technology professional employees is among the most frequently discussed problems in contemporary labor markets such as India. Existing career mobility models fail to explain the job choice decision of Job hoppers for whom participation in cutting – edge projects may hold more appeal than long-term employment. Organizations are struggling to manage the skilled labor shortage by training unskilled and semi-skilled resources.
Hired professional often leave their companies for gaining higher salary using the experience gained in the previous employment. Despite contextual, relational, epistemological dimensions to turnover as well as its organizational significance both the labor market and physiological school have significance in the Job-hopping and employee turnover research.

Research indicates that there are two approaches to employee turnover i.e., Economic and Physiological. Spector and Carsten, 1987 in a test of Muchinsky and Morrow’s, 1980 “Multi disciplinary model” (Muchinsky and Morrow, 1980) have found evidence that there is relationship between job satisfaction and turnover, in that the economy acts as a releaser and during high economic activity and industrial growth the growth of opportunities in the market triggers Job hopping and employee turnover (Spector and Carsten, 1987).

Kirschenbaum and Rita (1999) make the case of “Perceived job opportunity”, it would be better to use an objective measure of opportunities based on a model of interaction between the local labor market, occupational opportunity and organization size. There is a well established body of knowledge of literature in addition to the literature on commitment concerning motivation to suggest that for at least some individuals pay is not the sole motivating factor. If it is allowed that motivation has some link with job choice then pay will not be the sole criterion used when people decide on selecting a job, or when they decide to continue within an existing job. Thus a labor market explanation may be inadequate to account for decision to quit.

The importance of this model can be assessed in terms of the number of ideas which it incorporates that are still the object of turnover researcher’s attention. The labor
market account of turnover can be incorporated within this model in terms of the internal and extra–organizational opportunities, with expected utility being assessed in terms of “perceived desirability” and “perceived ease”. The conformity, predictability and compatibility components of job satisfaction potentially relate to the psychological account.

Expected utility of present job for attaining career growth opportunities was found to interact with career commitment in predicting intended turnover. Exploring the moderating roles of perceived person job–fit (P-J fit) and person–organization–fit (P-O fit) on the relationship between training investment and knowledge workers turnover intentions. The study predicts the P-O fit and P-J fit and perceived training investment interact jointly to predict knowledge workers turnover intentions.

In the present era, which emphasizes the need to change, creativity and innovation in organization firmly rely heavily on knowledge workers to achieve competitive advantage. Knowledge workers typically search for organizations that facilitate training and skill development opportunities. Therefore, the degree to which knowledge workers perceive that their organization offer the necessary training investments heavily influence their intentions in terms of remaining or moving on (Chang, Chi and Chuang, 2010).
1.8 Review of Turnover Models

The main purpose of this section is to provide the historical context for the development of various models and to demonstrate how turnover models have become more complex without a corresponding increase in explaining variance in turnover. This section reviews seven of the popular turnover models.

1.8.1 March and Simon Model (1958)

One of the earliest models of turnover was developed by March and Simon in 1958. This model described individuals and organizations as being in a state of equilibrium, where the members contributed to the organization while the organization provided members with compensation in return. March and Simon posited that when the compensation provided by the organization is no longer balanced with the contribution of the organizational members, individuals quit the organization. This equilibrium between individual contribution and organizational compensation is a function of two motivational components – perceived desirability of the job and perceived ease of movement (Figure 2).

Elaborating further, they argued that the perceived desirability of the job is influenced by job satisfaction and organizational size (because larger organizational size increases the chances of an intra-organizational transfer). They also argued that an individual’s perceived ease of movement is influenced by the number of perceived opportunities outside of the organization, which is determined by the state of the economy, the individual’s traits and characteristics, and the number of firms the individual can access (either through job advertisements or personal contacts). Even though few studies have directly tested this model, it has had an influence on many theories of turnover.
March and Simon’s account of motivation is based on the theory of “organizational equilibrium”. This theory describes how a balance is struck both for the organization and its employees in terms of inducements and contributions which ensures continued survival of the organization (Figure 2) (Besich, 2005).

The organization offers inducements (Pay, Reward and Recognition) to encourage employees to participate and contribute (i.e., Work) where these inducements are increased, this reduces the propensity of the employees to leave and vice versa.

Leaving is ultimately determined by two distinct factors namely ‘Perceived desirability of movement’ and “Perceived ease of movement “i.e., assessment of perceived alternatives and opportunities (Hom and Griffeth, 1991), refer Figure 3.
March and Simon (1958) introduced the concept of perceived desirability of movement and perceived ease of movement as two factors that affect the equilibrium between pay and contributions. Perceived desirability of movement was derived from a contribution of satisfaction with current job and the perceived possibility of inter organization transfer.

1.8.2 Mobley et al Expanded Model (1979)

The theoretical basis for Mobley et al. construct on job satisfaction is based on individualized evaluation of the job and comparison with one’s personal values (Mobley et al, 1979). This has advantages over Price and Mueller’s account because it emphasizes individual differences.
Mobley’s account allows for the possibility that a factor might influence different employees in different ways. For example, whereas Price and Muller see routinization as a global construct which they hypothesize is negatively related to satisfaction, Mobley et al. account allows for the possibility that such a factor might influence different employees in different ways. So, whereas one individual might find routine dissatisfying, or de-motivating, another may value the same level of routine in their work, perhaps because it affords them stability, or suits their non-work roles. The model allows scope for individual differences and can be taken as evidence that it is a more useful heuristic device in the effective management of turnover than Price and Mueller’s model. Whereas Price and Mueller’s model offers an account of once and for all causal relationships which for the most part are theorized to apply equally to all organizational members, Mobley et al. account allows us to see how certain initiatives may selectively influence satisfaction. It also stresses the importance of employee perceptions, which undermines a straightforward translation of the labor account of turnover, such as the “opportunity” variable in Price and Muller’s model would suggest. One limitation of this model is a function of its complexity and comprehensiveness (Figure 4).
Figure 4: Mobely et al's Model (1979)
1.8.3 Price’s Model of Intervening Variable and Turnover (1977)

In his model, Price identified five primary determinants of turnover – pay levels, integration (defined as the involvement one has in one’s relationship with a supervisor or coworker), instrumental communication (defined as how clearly the work role is communicated to the employee), formal communication (defined as how well the organization communicates practices and policies), and centralization (defined as the distribution of power in the organization) (Price, 1977). He proposed that the first four determinants are positively related to turnover while centralization is negatively related to turnover (Figure 5). He suggested that these four determinants lead to satisfaction, and the relationship between satisfaction and turnover is mediated by the availability of other work opportunities. Further modification proposed by Price and Mueller added other determinants, such as forming close friendships at work, earning good and fair compensation, kinship responsibility, and training opportunity (Price and Mueller, 1981). However, even with the inclusion of more than 15 determinants of turnover, these models explained only about 13% of turnover variance (Hom and Griffeth, 1995). The Revised Causal Model of Turnover as put forth by Price and Muller (1981) is shown in Figure 6.

![Figure 5: Relation between the Determinants, Intervening variable and Turnover (Price, 1977)](image_url)
Job embeddedness describes the factors that keep an individual from leaving the organization, in spite of experiencing situations that might lead to thoughts of leaving. Job embeddedness (Figure 7) can be work related (e.g. positive relationships with supervisor and coworkers, good health benefits) or non-work related (e.g. spouse works in the same area, parents live in the same community, etc.). These work and non-work domains can be further divided into three types of attachment, i.e. links (how many people is the individual connected with), fit (does
the individual feel well matched with their work and non-work environment), and sacrifice (what does the individual have to give up in order to leave). Thus, job embeddedness has six dimensions - organization links, organization fit, organization sacrifice, community links, community fit, and community sacrifice. Lee and Mitchell (2001) collectively called these six dimensions, which keep an individual from leaving the organization, job embeddedness. In brief, highly embedded individuals are less likely to leave the organization as compared to less embedded individuals.

Mitchell and Lee (Figure 7) advanced a new approach to turnover that focused on the counter-intuitive notion that individuals might leave the organization for reasons other than job dissatisfaction. This approach to turnover focused on the factors that make an individual more likely to stay in the job, in addition to the factors likely to
make an employee leave. This approach built on the earlier turnover models and added a new dimension to our understanding of turnover.

Mitchell and Lee suggested that there when individuals have multiple attachments to the organization, these attachments are likely to hold them back from leaving even if they think about leaving due to particular circumstances (e.g., getting another offer, company relocation to a non-preferred location). Thus, individuals who are high on job embeddedness might choose to stay with the organization even if circumstances are less than ideal. Job embeddedness is a multidimensional construct that describes the various attachments that an individual has with the organization and community (Lee and Mitchell, 2001). According to Mitchell them “Embeddedness suggests that there are numerous strands that connect an employee and his or her family in a social, psychological, and financial web that includes work and non-work friends, groups, the community, and the physical environment in which he or she lives”. Put simply, job embeddedness attempts to capture the totality of the forces that encourage an individual to stay in a particular job (or hold back an individual from leaving his/her job). Mitchell and Lee suggest that an individual’s decision to leave an organization is not made in isolation but is shaped by the environment (both work and non-work) in which the individual is ‘embedded.’

Thus, an individual is ‘embedded’ when he/she has multiple links to people in the organization and community, when the organization and the community are a good fit for the individual, and when the individual has to sacrifice a lot to leave the organization and community.

In the job embeddedness model, both the relationship of the individual to the organization and the relationship of the individual to the community are important
predictors of turnover. Within the organization and the community, an individual can have three kinds of attachments: links, fit, and sacrifice. Thus, with the two factors (organization and community) and the three kinds of attachments (links, fit, and sacrifice), the job embeddedness model has 6 dimensions: organization links, organization fit, organization sacrifice, community links, community fit, and community sacrifice (Figure 7).

1.8.5 The Cusp – Catastrophic Model – Sheridan and Abelson (1983)

This model is based on a branch of mathematics known as catastrophic theory (Sheridan & Abelson, 1983) which is formally suited to describe turnover behavior, as it has been used in the physical, biological and social sciences in the modeling of a range of discontinuous events. This model offers a far more complex account of the intrinsic properties of the turnover phenomenon than the prior models. It further undermines the notion of a measurement-prediction agenda in turnover research. Although less of a model about the decision process, and more about the phenomenon of turnover per se, its inclusion within this school of turnover research is warranted as it includes psychological rather than economic factors (Morell et al, 2001).

The advantage of using this particular epistemological basis is that it enables their model to reflect the threshold nature of turnover behavior. The model has been applied more generally to ‘employee withdrawal’, where turnover is seen as one of a range of withdrawal responses including absenteeism and lower job performance resulting from reduced socio-psychological attraction or interest in the organization. Although this view is in common with some other researchers who see turnover as one of the several related behaviors, rather than a discrete phenomenon, the
implications of a ‘catastrophe’ account can be examined without accepting this as yet another unsubstantiated theory.

Turnover is a discontinuous variable characterized by abrupt change, and a ‘delay rule’ which reflects the idea that employees try and stay in employment for as long as possible. Once employees feel they can no longer stay, they abruptly change from retention to termination (voluntary turnover). The model is illustrated in the Figure 8 below:

![Cusp – Catastrophic model](image)

**Figure 8: Cusp – Catastrophic model (Sheridan and Abelson, 1983)**

The limitation of this model is its inability to represent more control variables which means this account is restricted to a partial account of the various motives for turnover which are reflected in other more comprehensive accounts such as those offered by Price, Mueller and Mobley et al.

Nevertheless, the catastrophe model does make two significant contributions to turnover research. First, there is an explicit recognition that turnover is a
discontinuous dynamic phenomenon. The second, the more abstract contribution that this model makes is in demonstrating the possibility of alternate conceptualizations of the turnover phenomena, and in indicating possible directions for future research outside the dominant paradigm. It represents “A” provocative divergence from traditional linear thinking and a significant theoretical milestone (Hom and Griffeth 1995).

At this juncture, it is very valid to understand the role of the perceived organization support and supportive human resource practice in the turnover process. Research suggests that employees develop global beliefs about the extent to which their job employing organization both values their contributions and cares about their well-being. Rooted in social exchange theory and the norm of reciprocity it is expected to result in greater affective attachment and feelings of obligation to the organization. Perceptions that the organization, an individual works for, supports and cares about them positively related to work attendance, job performance, citizenship behaviors, job satisfaction and especially commitment to the organization.

Although perceived organization support (POS) is related to a variety of important work-related attitudes and outcomes, two issues requiring further attention are the relationship between POS and voluntary turnover, and the factors leading to the development of POS. Specifically, HR policies and practices that suggest investment in employees and show recognition of employee contributions, signal that the organization is supportive of the employees and is seeking to establish or continue a social exchange relationship with employees. Perceptions that one’s organization offers these practices should thus be positively related to POS. Interestingly, organizational HR practices have received increased attention of late for their effects on employee turnover rates (Huselid, 1995).
Super's (1957) and Levinson et al. (1978) Career Models

Super and Levinson et al. argue that people, no matter what their occupation or background, pass through specific career stages characterized by various crucial activities and psychological adjustments. Career stages influence the strength of the relationship between commitment and outcomes. Age and tenure is most common career stage indicator (Cohen, 1991).

The existing career development and organizational commitment development theory suggests that career stage may moderate the relationship between organization commitment and outcomes. Highly committed employees by definition are desirous of remaining with the organization (Mowday et al., 1982). In the early career stage levels of organization commitment vary dependent on individual’s opportunities and the availability of attractive alternatives.

Several theories support the notion that the relationships between organizational commitment and outcomes are moderated by career stage. These theories include career development models forwarded by Super and organizational commitment development models forwarded by Mowday et al. (1982). Super and Levinson have argued that people, no matter what their occupation or background, pass through specific career stages characterized by various crucial activities and psychological adjustments. Individuals need both to master work activities and resolve important psychological issues at each point in their careers.

According to the theory proposed by Super, there are three stages in a person’s vocational career (age 25-65): exploration, establishment and maintenance.
Levinson et al. identified four life areas: childhood (0-20 years), early adulthood (20-40), middle adulthood (40-60 years) and late adulthood (over 60 years).

1.8.7 Lee and Mitchell (1994) - Unfolding Model

According to the unfolding model (Figure 9) employees initiate a series of psychological analysis and fit judgments (e.g., perceived fit with the organization and the job) after experiencing unplanned events. These judgments in turn cause employees to take various decision paths that may precede the actual turnover process. Therefore, this model argues that under different levels of perceived Demand ability (D-A) and Person organization (P-O) fit, knowledge workers take divergent paths as they consider their available courses of action. Furthermore, it is argued that the effects of perceived training investment on turnover intentions differ under differential paths (Lee and Mitchell, 2001).

Based on the unfolding model, Lee and Mitchell proposed four decision paths via which knowledge workers might leave their organizations: they also discussed how managers can use human resource practices, such as investment in training, to retain knowledge workers along each decision path.

In path 1, a shock triggers the enactment of a pre-existing action plan. If the shock matches the action plan, employee’s leave without making fit judgments and without considering job alternatives. In path 2, it describes how a shock causes employees to reassess their fit with the organization in terms of evaluating the compatibility between the shock and their image. If a shock leads to a judgment of misfit, employees leave without searching for job alternatives. However, Lee, Mitchell suggest, path 1 and 2 are least frequently observed. In path 3, a shock prompts the reassessment of employee fit with the organization. The difference between path 2
and 3 is that in path 3 the employee may possess one or more job alternatives (i.e., high perceived marketability or job mobility), while in path 2 employees may not have any job alternatives at hand but may choose to stay only if the current organization better meets their preferences (i.e., high perceived P-O fit). However, when employees perceive a misfit with the organization or competing organizations fit their image or preferences better (i.e. low perceived P-O fit), then they are highly likely to choose to leave.

In case of knowledge workers, a high level of D-A fit indicates that they possess sufficient Knowledge, Skills and Abilities (KSA’s) to perform their job and to meet professional requirements, which in turn leads to higher job performance. However, it is argued, that high performers enjoy the benefit of having numerous actual or perceived alternative job offers and high ease of movement. Thus, when high performers are not attracted to their current organization, they are more likely to leave. In addition, it is also found that turnover was higher for high performers than it was for average performers, supporting the above argument. Following in this vein, a good D-A fit should increase knowledge worker’s job performance, which in turn enhances their “movement capital” in terms of good ability or skills and may make them more marketable. Thus, knowledge workers with a high D-A fit but low P-O fit are more likely to consider leaving their current organization than those with high levels of D-A fit and P-O fit.

Finally in path 4, no shocks occur. Gradually, some employees come to feel that they no longer fit their job or organization (i.e., low levels of perceived D-A fit and P-O fit), which can lead to individuals quitting even without suitable job alternatives. For knowledge workers who perceive a misfit with their job (i.e., a poor D-A fit) but have
a good P-O fit perception, it is likely that their KSA's are not compatible with the job requirements even though their values are congruent with the organization culture.

The model is depicted below as Figure 9.

Lee et al.'s 1999 Unfolding Model of Employee Turnover

Figure 9: Unfolding Model (Lee and Mitchell, 1994)

1.9 Turnover Research

1985 to 1995

While the early turnover models have mainly focused on the traditional attitudes of satisfaction and commitment and turnover antecedents such individual differences
and the nature of the job, the period form 1985-1995 was characterized by a significant increase in consideration of contextual variables (Figure 10) and other, mainly negative, personal conditions such as exhaustion and stress.

The contextual variables were further broken up into groups such as organization culture and perceived supervisor support etc (Holton et al., 2008).

![Turnover research from 1985 to 1995](image)

**Figure 10: Turnover research from 1985 to 1995**

**1995 onwards**

In the last 15 years or so, the research on turnover (Figure 11) has experienced considerable theoretical expansion. Specifically, the last decade was marked by seven major trends (Holton et al., 2008):

- New individual difference predictions of turnover
- A continued focus on stress and change related attitudes
Empirical research on the unfolding model

Increased focus on contextual variables with an emphasis on inter-personal relationships

Enhanced focus on factors looking specifically on staying

Dynamic modeling of turnover processes with the consideration of time

Expansion of our understanding of previously identified relationships.

The results are believed that the field of study has been made richer, but perhaps farther from unified view of the turnover process. The review of turnover literature has illustrated many new developments. It has been noted how turnover researchers have significantly advanced the field over the years. This thoughtful research has created new questions and possibilities and hopes to energize and engage scholars further.

Process research on employee turnover based on literature review draws a few conclusions.

- Whether an employee has another job in hand has long been considered an important factor in a decision to quit (Michaels and Spector, 1982). Having an actual alternative job offer on the table when a final decision is made puts the employee in a situation of rationality choosing between jobs (Lee and Mitchell, 1994)

- Employees make specific plans to quit and then follow through with those plans as expected (Lee et al., 1996). Employees may make definite decisions or plans to leave well in advance of departure, utilizing controlled deliberations
Employees make advance plans to quit that are not definite but contingent on uncertain future events, like path 1 in the unfolding model of Lee and Mitchell (1994). Such employees hold conditional plans to quit, but they do not form final decisions until they perceive that the specified conditions have been satisfied, presumably by shocks.

The definitive aspects of impulsive quitting are little or no planning and a short decision process. It is reasoned that this lack of preplanning precludes an individual having searched for or previously obtained another job offer.
1.10 Conclusions from the review of various Models

Many models have been advanced to explain turnover since the original model by March and Simon (1958), but there have been surprisingly few additional factors that contribute significantly to explaining turnover over and above the originally proposed job attitudes and job alternatives. Many models have advanced additional factors, such as perceived utility of existing and alternative job (Mobley, 1977), pay and communication (Price, 1977).

Other factors contributed even less, raising questions about their value in explaining turnover. Put differently, these models have tended to become less parsimonious, yet the addition of multiple factors has not resulted in a corresponding increase in explained variance. Thus, these models, while serving a valuable role in terms of expanding our knowledge of the multitude of factors that could influence turnover, have not been successful in explaining the most critical reasons that employees leave an organization.

The job embedment model brings a different perspective altogether and is pertinent from the point of comparing the various models and their relevance to the current study. Among academic scholars of organization behavior there are three complementary approaches to understanding the turnover process. Two of these focus on who quits and how they quit. In the first approach, leaving is traditionally described through a process initiated by an individual’s feelings and beliefs. More specifically job dissatisfaction is theorized to initiate a variety of job-search behavior and corresponding comparative evaluations on the identified employment opportunities that in turn set the stage for an employee quitting. In the second approach a non-traditional and social psychological orientation is applied to an
employee leaving and this approach is named the “Unfolding model of voluntary turnover”.

The model describes:

a) Multiple quitting processes
b) Non-cognitive and external to the person factors
c) How relative job satisfaction can prompt an employee departure

The third approach focuses on the company’s definition of the circumstances surrounding a person leaving. It views employees quitting from the perspective of functional or dysfunctional avoidable or unavoidable (Lee and Mitchell, 2001).

Intermediate linkage model offers practical insights into how forms can short circuit the dissatisfaction departure route. March and Simon (1958) Model of turnover emphasized on job satisfaction and perceived ease of movement based on alternate job opportunities and individual traits. Price developed a model based on five determinants of turnover, laying emphasis on pay, integration, instrumental communication, formal communication and centralization. He suggested that these determinants impacted job satisfaction and turnover was mediated by the availability of other work opportunities. Mobley et. al. expanded model (1979) focused on individual’s evaluation of the job and comparison with one’s personal values; it allows the possibility that a factor might influence different employees in different ways.

Job embedment model by Lee and Mitchell (2001) advanced a new approach that focused on the counter-intuitive notion that individuals might leave the organization for reasons other than job satisfaction. They also suggested that individuals have
multiple attachments to the organization; these attachments are likely to hold them back.

Sheridan and Abelson (1983) developed a model based on a branch of mathematics. This model offers a complex account of the intrinsic properties of the turnover phenomenon. It focuses on employee withdrawal symptoms and its impact on turnover. Super 1957 and Levinson et al. 1978 career model focuses on specific career stages and psychological adjustments.

Finally, Lee and Mitchell, (1994) Unfolding model describes a series of psychological analysis and fit judgments after experiencing unplanned events. Based on various shocks employees are triggered to react by staying or leaving the organization.

1.11 Objectives of the Study

This research is aimed at generating an understanding into the process of employee job hopping that has been on an upward trend in the recent years. It is a major concern to this industry in India, owing to the number of new operators in the recent past and also due to the behaviors and attitudes of the new generation employees.

The research efforts are directed to build a body of primary knowledge about this social phenomenon based on inputs from the participants of the process i.e., the employees who leave the job from one employer to another for gainful employment. Organization that these employees leave, the organizations that accept these employees into their fold and the influencing factors in the environment and everything else that interactively surrounds these participants and affects their action through direct or indirect influence on their behavior will be studied.
The following are the objectives of the study:

- To profile job hoppers in terms of age, gender and tenure in the organization, function/roles, qualification, total experience, location and company wise
- To analyze the employee turnover trends of Chennai vs. Rest of Tamil Nadu (ROTN)
- To understand the impact of the problem of employee turnover
- To understand what motivates people to stay or leave an organization - the push and pull factors in play
- To suggest remedial measures for controlling the negative trends

1.12 Scope of the Study

This study was conducted on all the permanent employees of the eight private sector telecom organizations operating in the geography of Tamil Nadu. The employee turnover in terms of role/function, time spent in the organization, location, qualification, total experience, age and gender was profiled.

This research was carried out through the period May 2009 to April 2012 and seeking responses from the employees, HR managers, senior leaders in the industry, as the primary data and from various other sources like management journals, research papers, manuals, books, TRAI official reports, internet web sites, headhunters and recruitment consultants operating and supporting these eight companies in the State, members of the National HRD Network (HRD), National Institute of Personnel Management (NIPM), Indian Society for Training and Development (ISTD) as the Secondary Data (also includes the Exit Interview Feedback analysis).
1.13 Nature of the Problem

The purpose of this study is to understand the cause and effect relationship between the various organizational, process and personal factors that lead to job hopping and employee turnover. To this effect, the specific problems are mentioned below:

- Erosion of talent resulting from the loss of high performers and critical resources and the average - low performers and de-motivated employees staying back
- Employee turnover at the junior and middle management level is quite high
- Overall productivity takes a hit because of the outflow of the top performers and critical resources and learning curve effect (Pindyck, Rubinfeld, and Mehta, 2003) of the new entrants
- Lack of motivation and low morale leads to an increase in ET
- Recruitment and training cost increase drastically due to ET
- Difficulty in retaining the skillful and the younger lot of employees who have the skills which are in great demand
- Employee turnover levels in some specific businesses affect the morale, motivation level and productivity of the team. Morale deficiencies affect the organizational performance and sometimes, result in the ‘ripple effect’
- Employee turnover implies certain direct costs such as recruitment, training costs and other costs incurred during the vacancy period. Besides these, it also results in indirect costs due to lowered employee morale, quality of handholding and transfer of information. Also when employees leave the existing workplace equilibrium is upset and crisis management leaves less scope for development activities
The causes of employee turnover can be classified based on the general research model (Figure 12) as follows:

**Job related factors:** The experience of job related stress (job stress), factors that lead to job related stress, lack of commitment in the organization and job dissatisfaction top the list. Job stressors (Ongori and Agolla, 2008) refer to the aspects of work that may invoke feelings of anxiety in a person like fear of job loss or overwork, etc. Other factors like a sense of powerlessness, locus of control (Joachim and Cambell, 1994) and personal control also contribute. Many employees quit from the organization due to economic reasons too.

![General Research Model](image)

**Organizational factors:** Organizational instability has been shown to have a high influence on employee turnover. Indications are that employees are more likely to stay in predictable work environment and vice versa. Organizations with strong communication systems enjoyed lower turnover of staff.

A high labor turnover may mean poor human resource policies and practices, supervisory practices, grievance procedures, or lack of motivation. There are various
factors which make employees quit their organizations such as managerial style, lack of recognition, lack of competitive compensation in the organization and toxic workplace environment, other pre-dominant factors include:

**The performance of the organization** perceived to be in economic difficulty will also raise the specter of impending layoffs and may result in voluntary turnover.

**The characteristics of some jobs** are intrinsically more attractive than others due to capacity to elicit a sense of accomplishment.

**Unrealistic expectations** are another factor in the general lack of knowledge about the job at the time of offer. When unrealistic expectations are not met, the worker becomes disillusioned and decides to quit.

**Demographics:** Empirical studies have demonstrated that turnover is associated in particular situations with demographic and biographical characteristics of workers.

**Personal factors:** These include things such as changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. One of the foundation stones of organizations that attract, retain and motivate high performing employees is a positive and valuing attitude towards them.

Organizational productivity suffers because of employee turnover. The stages in the **Productivity Continuum** would be as follows (Figure 13):
Figure 13: Productivity Continuum

Also, productivity differs from person to person and the learning curve effect is slower in case of some employees. In a large organization, with tens of thousands of employees, there are bound to be different types of employees who need to be treated differently. Some of the various types of employees are as mentioned below:

- **Perfectionists**: who are never satisfied with their work and are probably their own worst critic
- **Negative Employees**: include pessimists, criticizers and just downright negative personalities
- **Dictators/Autocrats**: will tell others how to do their job or make many demands
- **“Out to Lunch” Employees**: take long breaks, make personal phone calls or constantly socialize
- **Grouches/Moody Employees**: These people can be a nuisance
- **Self-Empowered Innovators**: are the most creative and most engaged employees
• **Fair and Square Traditionalists:** are considered as the basic loyal workers who seek the standard rewards of work

• **Accomplished Contributors:** Another loyal and hardworking group, they seek to be part of a team

• **Maverick Morphers:** are confident, intelligent people that seek challenge through constant change and adventure

• **Stalled Survivors:** For this group, work is a source of livelihood and does not comprise a satisfaction producing part in their lives

• **Demanding Disconnects:** This is considered the least productive group often mid-career people, they view work as frustrating with only near term economic value. There can be the Bullies, the Crisis-Makers, the socializers, the Procrastinators and the Passive/Aggressive at the organization, too

Similarly, management styles of various managers across circles and geographies differ. The management styles (Tutor2u, 2011) can also differ across organizations as shown below:

**Autocratic** (or authoritarian) managers like to make all the important decisions and closely supervise and control workers. This style is effective when quick decisions are needed or while controlling large numbers of low skilled workers.

**Paternalistic** managers give more attention to the social needs and views of their workers. They consult employees over issues and listen to their feedback or opinions.

A **democratic** style of management will put trust in employees and encourage them to make decisions by giving them authority. This requires a good two-way
communication and involves discussion groups, which can offer useful suggestions and ideas.

Dealing with difficult personalities can be challenging. While supervisors may be tempted to fire them, the best alternative is to learn how to handle the person and keep them in their job. Firing someone is not always the solution because employee turnover can become a costly business involving costs.

1.14 Importance of the Study

The field of Human resource management (HRM) faces a significant dilemma, while evidence, theory and practical demands are increasing the visibility and credibility of human capital as a key to success in an organization, the measure used to articulate the impact of their decision remains still a grey area. Moreover, there is a rapidly-growing body of books and articles suggesting that the key to competitive advantage lies with the organization’s human resources. HRM must focus on outcome, rather than solely on programs, activities and costs which is becoming well established. Intellectual capital is widely suggested as an emerging key to the organization success that is not reflected in standard accounting and financial reports.

People are the most important asset and the key differentiator to organizations success. From a managerial perspective the attraction and retention of high quality employees is more important today than ever before with more than 50 years of research attention on the subject and over 1500 publication articles on leading business journals world over. This phenomenon continues to occupy mainstream research for finding alternate solutions. Volunteering employee turnover is one of the most studied behaviors in management research (Griffith, Hom and Gartener, 2000; March and Simon, 1958). Retaining employees remains a primary concern for many
organizations during days of intellectual property, as intellectual capital has become a critical component of wealth creation.

In HR research and practice, employee retention or turnover involves the question of organization employee movement. Exit of employees who have relatively high human capital value and choose to exit, can cause serious loss and impairment, especially when the attrition is on the rise.

Considering the total investments its contribution to Gross domestic product (GDP) and to the job market, the problem needs to be probed and researched further, for long term solutions. The current generation is restless as they are constantly looking out for greener pastures while working in an organization is causing instability. Shortage of trained, experienced and skilled manpower is throwing open huge challenges more so when organizations are introducing new technologies in quick succession, expansion and rollout of network in remote markets. On the contrary, the manpower flowing into the labor market is relatively low skilled with lack of experience and exposure to the new technologies, since these technologies are getting introduced in India for the first time.

Organizations are investing huge sums of money in setting up physical infrastructure, distribution and channel network for rolling out services. The gestation period is long and the cost of acquiring licenses and equipment is very high. The cost of training, induction of the employees is a recurring expenditure and it is fair to expect that employees remain in an organization for at least 4-6 years for return on investment. It takes new employees few months to settle down in an organization before they contribute to expected level and their productivity can be enhanced.
Attrition of employees increases the cost of operations and also the impacts the strategies of an organization. Job hopping pushes organizations to be defensive with conservative HR policies resulting in a cross section of employees being impacted. Moreover, the impact of the problem is to be more clearly understood by the various financial and non-financial parameters. Employee turnover can be viewed as an organizational and social phenomenon, each of which is elaborated below:

Employee turnover as an organizational phenomenon: There are always numerous reasons available to the employees who have made up their minds to quit their jobs. They range from the lack of job clarity and growth prospects to the perceived equity of rewards being low, from the lack of communication among employees to a low compensation package. The length of the gestation period in some industries can create restlessness amongst the employees who want to make it big in no time. The business implication of these results is increased costs in many respects as mentioned earlier. Wrong selection or appraisal may also lead to organizational problems.

Vitality Curve: is used to justify the "rank-and-yank" system of performance management, whereby 10% of workers are fired at each evaluation. Jack Welch’s vitality model is popular as a "20-70-10" system of classifying employees (Wikipedia, 2011). The "top 20%" of the workforce (The “A” players are filled with passion, open to ideas, have charisma and are energetic) is most productive and 70% of the vital “B” players work adequately. The other 10% are non-producers and should be fired. Rank-and-yank system had led to a 28-fold increase in earnings (and a 5-fold increase in revenue) at GE (Welch) between 1981 and 2001. Getting rid of the "C" players, while encouraging "A" players has proved very beneficial in maintaining their levels of productivity for companies like General Electric, Accenture, Motorola, etc.
Turnover as a social phenomenon: Man being a social animal, gets affected by the environment he lives in. The expectations arise from various sources—family, friends, colleagues, competitors and society in general. Values, beliefs and customs differ from country to country and group to group, but all people have similar needs. These needs and desires determine the satisfaction and motivation levels of human beings. Various theories in management and psychology have tried to articulate human needs and wants.

Some of the commonly used theories of human needs in management context are described as under:

**Maslow’s Hierarchy of Needs:** Abraham Maslow believed that human needs are arranged in a hierarchical order (Figure 14). He contended that as the ‘basic needs’ (Physiological, Safety, Social needs) of humans are met, they seek to satisfy the 'higher needs' (Esteem and Self-actualization needs) that occupy a set hierarchy. It should be noted that almost no one stays in one particular hierarchy for an extended period, but strive to move up (Adair, 2003).

![Maslow's Hierarchy of Needs](image)
Understanding, these needs of employees help in determining the extent of employee involvement at work.

**Herzberg’s Hygiene and Motivational Factors Theory:** States that these factors affect and determine employee performance in organizations. Hygiene Factors / Dissatisfiers include (Adair, 2003):

- Working conditions
- Policies and administrative practices
- Salary and benefits
- Job security
- Personal life

The Motivators/Satisfiers include:

- Recognition
- Achievement
- Advancement
- Growth
- Responsibility and Job challenge

This theory says that the hygiene factors must be present in the job before motivators can be used to stimulate an employee. Any one of the above factors can lead to an employee quitting from or staying in the organization. Besides these, some other best practices have evolved in the field of management that has had a significant influence on the way organizations look at employee turnover is articulated as follows:
a. The original purpose of the **Malcolm Balridge National Quality Award** was to create public awareness of the need for quality in goods and services, as well as honor the companies that would excel in the delivery of quality. The Human resource focus of the award examines how an organization enables its workforce to develop its full potential and how the workforce alignment with the organization’s objectives influence employee turnover (Kochof, 2011).

b. The **People Capability Maturity Model (P-CMM)** focuses on developing the organization’s human capabilities, to attract, develop, motivate, organize and retain the talent needed by the organization. Understanding the levels of PCMM (Figure 15) will help in proactively detecting the early signs of employee discontent and controlling employee turnover. Organizations at the **Initial Level** of maturity usually have difficulty retaining talented individuals and exhibit inconsistency in performance and emotional detachment among the workforce unlike in the level2 (**Managed Level**) where the manager’s attention is on staffing, providing resources, managing performance, developing skills, etc (BPOIndia, 2011).

At the **Defined Level**, the organization adapts its workforce practices to its business needs by focusing them on motivating and enabling development in its workforce competencies. The **Predictable Level** finds the organization managing its capability and performance quantitatively. At the **Optimizing Level**, the entire organization is focused on continual improvement.

![Figure 15: The Maturity Levels of P-CMM](image-url)
c. **Six Sigma** demands greatest commitment and productivity by every level in the organization, beginning at the highest level of management. It is a set of practices originally developed by Motorola to systematically improve processes by eliminating defects. The quality of output can be continuously improved by reducing employee turnover in the organization (Thomas, 2003).

d. **ISO 9000** is maintained by the International Organization for Standardization for executing and improving upon quality of people and processes in an organization. It helps an organization to build on its performance, banking on a strong and dedicated workforce. Employers need to package their “employment” product to sell effectively to the prospective employees. Finding the right employee being a tough challenge, employers need to entice the best talent through:

- A better employment brand
- Improved work environment
- Competitive reward system

These practices put the spotlight on the ensuring that robust human resource practices are in place in an organization. Understanding, the employee needs at various levels will help develop better HR practices and tackle the problem of turnover more effectively.

This study will also help establish what unique value proposition the industry can offer its employees, in terms of compensation, work environment, learning and development, to ensure that the problem of attrition of the critical resources and top performers is controlled or minimized.