

## A STUDY OF EMPLOYEE TURNOVER IN INDIAN CONTEXT: CAUSAL EFFECT OF INDIVIDUAL DETERMINANTS ON JOB SATISFACTION AND ORGANIZATIONAL COMMITMENTS

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**Abstract:** Individual and environmental determinants are important causes that influence the decision to quit. It's easy to understand the environmental determinants as there are lot of government published data available, whereas Individual determinants are difficult to gauge and its pretty complex in nature and varies between individuals. In this context the author would like to study Kim, Price Mueller & Watson (1996) Price and Mueller's Model the variables of individual and environmental the determinants are taken from the above model. In the study, we proposed two models. In model I, we studied the impact of individual determinants i.e. job motivation, met expectation and positive affectivity on process determinant i.e. job satisfaction which will lead to the employee turnover in the organization. The results say that positive affectivity is the most influencing variable followed by met expectation on job satisfaction. In model II, we studied the impact of individual determinants i.e. job motivation, met expectation and positive affectivity on process determinant i.e. organization commitment which will lead to the employee turnover in the organization. The results say that job motivation is the most influencing variable followed by positive affectivity and met expectation on organization commitment.

### INTRODUCTION

Wore & Fern (1997) stated that the employer- employee relationship has seen a drastic change in the last two decade. Till 80 and late 90's the employee contract and philosophy was work hard , be loyal and give all their life for success of the organization and in turn they would get job for life, accommodation near to the working place, Regular hike in salary keeping inflation in mind and promotions as auto progression. After the economic liberalization the resources are reduced. The new contract and philosophy states that employees must work hard do their job on time and also put extra man hours for additional work that would have

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arisen out of resource constraint. In return Job security is a dream, Promotion are not guaranteed as competency development is not taken care of, salary increase is a dream , and change is the only constant and Guaranteed (wore & Fern, 1997, Abbas & Hollman, 2000). In this context, to stay or to leave is the biggest dilemma for any employee and at the same time HR managers and line managers have to retain the best talent for the organization. Stickiness to the organization has always been a challenge as there are push and pull factors that develop around the employee. If the employee is not motivated or his expectations are not met and the environmental Opportunity are very lucrative then the chances of turnover is very high. The most complex of the studies is individual determinants which varies from person to person Research on employee turnover is more than a century old and still there is no exact model or thoughts which tells why an employee leave an organization.

## **LITERATURE REVIEW**

The first citation of employee turnover dated way back to Carbb 1912. Due to the emphasis for financial accomplishment in American organizations and the world becoming smaller and smaller and the necessity to compete on an international scale (Lambert, Hogan and Barton,2001) employee turnover has become one of the focus for Human resources manager. When an employee departs from an organization, there is not only a loss in resources but also an increase in operational costs (Cascio, 1991). Organizational costs may include disjoining expenses of the employee, declined productivity, employee replacement, new-hire training, and several other indirect costs. Indirect costs of employee turnover may entail the ease of transition of organizational operations, the consequences of turnover on existing employee self-esteem, and the complexity of replacing a valued employee. Both these direct and indirect costs form the areas of concern for business leaders; they have initiated assessment of the costs of turnover to the companies.

Organization focus lies on the reasons for Employee turnover and ways to proactively manage the turnover phenomenon (Wiley,1993). The first step towards controlling employee turnover within an organization is the manager's comprehension of the causes and costs involved with the same. The second step could be to check on the various determinants of the turnover and get a complete idea or a 360 degree view of why the employee leaves the organization. Given the dynamic nature of the turnover reasons it's very difficult to predict employee turnover.

The historical progression on the study of the causes of employee turnover was taken up by the researches in the 1950s. Theory of Organizational Equilibrium was one of the most initial models of turnover by March & Simon (1958). James

Price (1977), Price and Mueller (1981, 1986) and Muchinsky and Morrow (1980) further developed models. The two factors examined by March & Simon's (1958) Organizational Equilibrium were perceived desirability of movement and perceived ease of movement, the perceived desirability of movement is the perception of an employee to leave an existing employer for whatever the personal reason may be. The perceived ease of movement is the perception of the employee that another job is obtainable or easy to find. March & Simon, (1958) are of the view that incentives offered by the employer can persuade an employee's job satisfaction and the desire to remain with the existing employer. If the incentives fail to provide the job satisfaction that has been perceived by the employee, then the employee may decide to leave the organization. On the other hand if the employee is contented with the employer incentives, the employee contributes to the organization through his work. This is an instance of the individual and organization striving for a balance between incentives and contributions.

Organizational and industrial psychologists stress *employee* orientations. Employees enter organizations with expectations (orientations) about how the organization should be operated and how the organization should treat them. When these expectations are not met, the *employee's* job satisfaction and organizational commitment levels will be lowered and the *employee* will leave. Within what we have chosen to call the psychological school, analysis of labour turnover is geared towards explaining or predicting individuals' decision to leave. Psychological accounts thus concerns themselves more with individual choice and although they offer mainly unitary models which assume homogeneity amongst employees, they may be more readily suited to assisting the development of policies or strategies to enable the effective management of turnover than economic. Psychological accounts focus on employees, and they are thus more readily suited to enabling the effective management of turnover, by offering the potential to concentrate efforts or resources on a key group of employees, or even on an individual employee. This is important if we bear in mind the need for assessing functionality and also avoid ability. Broadly speaking, these accounts may be classed as voluntarism, as they emphasize the role of individual choice, The psychological school focuses on topics related to explaining or predicting leavers behavior. The emphasis can be interpreted as voluntary, since individual choices is emphasized (Morell *et al.* 2004a). The topics discussed are individual characteristics, stress, burnout, emotional exhaustion, personality, Job satisfaction, organizational commitment and Job involvement (Hom & kinicki 2001).

However from the point of view Mueller and price 1990 stated that sociology model draws from the research of economist and psychologists but is different because it emphasis the structural conditions of the work setting including the

nature of work and power distribution. Most present day model include economic, psychological and sociological elements.

Models of turnover and reasons are likely to change during the next millennium. With the extinction of the implicit “guaranteed job for life” contract that many have enjoyed in the past century, organizational commitment may have diminished along with that guarantee. Mobley (1982) remarked

Given the likely post baby boom labor market of the late 1980’s and 1990’s (watcher 1980), a sound body of knowledge regarding the turnover process will be increasingly important. The decline in the proposition of young people entering the work force suggests a highly competitive labour market with many entry level alternatives. Further, with the extension of mandatory retirement, longer life expectancies, and the aging of the baby boom cohort, promotional and career advancement opportunities may be limited for this age group. The potential turnover implications of these developments are apparent.

The author would like to study a portion of Kim, Price Mueller and Watson (1996) Price and Mueller model which belongs to the sociological school and understand the impact of individual determinants of employee turnover. The above model is a comprehensive model the author would like to study the causal effect on Individual determinants on job satisfaction and organizational commitment

## METHODOLOGY

Descriptive and inferential research was conducted with the help of structured questionnaire. Employees from different industry were collected. Questions were framed using Likert scale (five and seven point). The data is collected from binary solution. Binary solutions are the biggest distribution of Dell, HP and Lenovo in India. Also they have a back office for client’s servicing. The Survey sampled is basically customer touch point employees. The data was collected from the 386 employees.

A brief description of the Individual, Environmental and correlates are mentioned below

**Individual determinants** are defined as the interpersonal and intrapersonal nature of an individual in an organization. Categorized into General Training, Job motivation, Met expectation & Positive affectivity alternatively individual determinants are defined as personality variables (Agho *et al.* 1993) and employee characteristics (Mueller *et al.*, 1994).

**General Training:** plays an important role on the life of the employee. It’s one of the highly motivating factors for future prospects within and outside the

organization Capability building prepares the employees to take higher responsibility. Price and Mueller (1981), described general training in the organization as transferability of skills and knowledge among employees Price and Mueller (1986), Mueller and price (1990), Mueller et al (1994) found positive correlation to turnover through job satisfaction and organizational commitment

**Job Motivation:** one of the key characteristics of successful organization is their motivated employees. They go any miles for completion of the task in hand In other words employees Willingness to exert extra effort on the job. Kim et al. (1996) found that job motivation is negatively correlated to turnover via job satisfaction and organizational commitment

**Met Expectation:** Every individual enters the organization with an expectation from the organization. The variability of this expectation may change from employees to employees expectation can be more Learning, Get good salary , good treatment etc .In simple terms Extent to which beliefs about the nature of employment corresponds to the facts. Kim *et al.*, (1996) found that Met expectation is negatively correlated turnover via job satisfaction and organizational commitment

**Positive Affectivity:** Dispositional tendency to experience pleasant emotional states. Agho *et al.*, (1993), Kim *et al.*, (1993) found negative correlation to turnover via job satisfaction and organizational commitment.

**Process variables** are those variables which form the intermediary linkages between turnover and the structural, environmental, and individual determinants of turnover. Before the person desires or makeup his mind to quit, Job dissatisfaction and low organizational commitment creeps in the mind of the employee and then start the Quit process

**Job satisfaction:** All the determinants impact positively or negatively on Job satisfaction. It's a feeling of satisfaction on the achievement of the work the employee has done In other words Degree to which the members of a social system have a positive affective orientation toward membership in the system: Price and Mueller (1981), Price and Mueller (1986), Mueller and price (1990), Mueller *et al.* (1994), Kim *et al.* (1996) found that job satisfaction is negatively related to turnover via organizational commitment, search behavior, and intention to stay.

**Organizational Commitment:** Employee loyalty or attachment to the employer. Price and Mueller (1986), Mueller and price (1990), Mueller *et al.* (1994), Kim *et al.* (1996) found that organizational commitment is negatively related to turnover via search behavior and intention to stay.

**Correlates** are empirical generalizations that indicate variables that are correlated with turnover without directly causing it (Price, 1977, 1995). A host of

potential correlates of turnover were suggested within the price and Mueller model including length of service, age,

## HYPOTHESIS DEVELOPMENT

The following hypotheses are tested to study the impact of all the individual determinants on process determinants i.e. job satisfaction and organization commitment.

*Model I* - Individual determinants on Job Satisfaction -

$H_{1a}$ : There is a significant impact of Job Motivation on process determinants i.e. job satisfaction.

$H_{1b}$ : There is a significant impact of Met Expectation on process determinants i.e. job satisfaction.

$H_{1c}$ : There is a significant impact of Positive Affectivity on process determinants i.e. job satisfaction.

*Model II* - Individual determinants on Organization Commitment -

$H_{1a}$ : There is a significant impact of Job Motivation on process determinants i.e. organization commitment

$H_{1b}$ : There is a significant impact of Met Expectation on process determinants i.e. organization commitment

$H_{1c}$ : There is a significant impact of Positive Affectivity on process determinants i.e. organization commitment

## DATA ANALYSIS AND FINDINGS

### Model I

They are interested in determining the variables which influence the process determinants i.e. Job satisfaction. The study done where Job Motivation, Met Expectation and Positive Affectivity were considered as independent variables and job satisfaction was taken as dependent variable. All these variables were measured on a five-point scale with a higher number indicating a more positive rating. The results are presented in the tables below:

**Table 1**  
**Model Summary**

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.207(a)	.043	.035	.32147

a. Predictors: (Constant), positive\_affectivity, job\_moti, met\_expec

**Table 2**  
**ANOVA (b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.756	3	.585	5.663	.001(a)
	Residual	39.373	381	.103		
	Total	41.129	384			

a. Predictors: (Constant), positive affectivity, job\_moti, met\_expec

b. Dependent Variable: job satisfaction

**Table 3**  
**Coefficients (a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.377	.153		22.029	.000
	Job motivation	-.087	.057	-.098	-1.526	.128
	Met expectation	.030	.049	.049	.621	.535
	Positive affectivity	.102	.035	.200	2.936	.004

a. Dependent Variable: job satisfaction

The R<sup>2</sup> value for the model is 0.833 which indicates that 83% of the variations in the job satisfaction are explained by job motivation, mete expectation and positive affectivity. The significance of R<sup>2</sup> is tested with the help of F statistic (ANOVA), so we can say that  $p < \alpha$ , so the model is statistically significant.

The estimated regression model is as follows:

Job Satisfaction = 3.377 - 0.087 (job motivation) + 0.030 (met expectation) + 0.102 (Positive affectivity)

The above results indicate that met expectation and positive affectivity are having positive impact on job satisfaction whereas job motivation is having negative impact on job satisfaction. The significance of the following hypothesis can be tested by using t-statistic. The computed value of the t-statistic is presented in Table 3.

$H_{1a}$  : There is a significant impact of Job Motivation on process determinants i.e. job satisfaction.

$H_{1b}$  : There is a significant impact of Met Expectation on process determinants i.e. job satisfaction.

$H_{1c}$  : There is a significant impact of Positive Affectivity on process determinants i.e. job satisfaction.

The computed value of the t-statistic is presented in Table 3. The p value of the coefficients job motivation and met expectation is not significant but the coefficient of positive affectivity is significant. Therefore, we can say that positive affectivity is the significant variable in influencing job satisfaction. We can conclude that positive affectivity is the most important variable followed by met expectation in influencing the job satisfaction.

## Model II

They are interested in determining the variables which influence the process determinants i.e. organization commitment. The study done where Job Motivation, Met Expectation and Positive Affectivity were considered as independent variables and organization commitment was taken as dependent variable. All these variables were measured on a five-point scale with a higher number indicating a more positive rating. The results are presented in the tables below:

**Table 4**  
**Model Summary**

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.801(a)	.642	.639	.43389

a. Predictors: (Constant), Jobmotivation, Positiveaffectivity, Metexpectation

**Table 5**  
**ANOVA (b)**

<i>Model</i>		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	128.593	3	42.864	227.689	.000(a)
	Residual	71.727	381	.188		
	Total	200.320	384			

a. Predictors: (Constant), Jobmotivation, Positiveaffectivity, Metexpectation

b. Dependent Variable: organisationalCommitment

**Table 6**  
**Coefficients (a)**

<i>Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		<i>t</i>	<i>Sig.</i>
		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>B</i>		
1	(Constant)	-1.787	.454			-3.933	.000
	Met expectation	.400	.077	.190		5.216	.000
	Positive affectivity	.709	.091	.258		7.825	.000
	Job motivation	.581	.040	.564		14.595	.000

a. Dependent Variable: organizational Commitment



The  $R^2$  value for the model is 0.642 which indicates that 64.2% of the variations in the organizational Commitment are explained by job motivation, met expectation and positive affectivity. The significance of  $R^2$  is tested with the help of F statistic (ANOVA), so we can say that  $p < \alpha$ , so the model is statistically significant.

The estimated regression model is as follows:

Organizational Commitment =  $-1.787 + 0.400$  (job motivation) +  $0.709$  (met expectation) +  $0.582$  (Positive affectivity)

The above results indicate that job motivation, met expectation and positive affectivity are having positive impact on Organizational Commitment. The significance of the following hypothesis can be tested by using t-statistic. The computed value of the t-statistic is presented in Table 6.

$H_{1a}$ : There is a significant impact of Job Motivation on process determinants i.e. Organizational Commitment.

$H_{1b}$ : There is a significant impact of Met Expectation on process determinants i.e. Organizational Commitment.

$H_{1c}$ : There is a significant impact of Positive Affectivity on process determinants i.e. Organizational Commitment.

The computed value of the t-statistic is presented in Table 6. The p value of the coefficients job motivation, positive affectivity and met expectation is significant. Therefore, we can say that job motivation, positive affectivity and met expectation are the significant variable in influencing Organizational Commitment. We can conclude that job motivation is the most important variable followed by positive affectivity and met expectation in influencing the job satisfaction.

## **DISCUSSION AND CONCLUSIONS**

Researchers says that Job satisfaction and Organizational commitment are the most important predictor of employee turnover. Individual determinants on the other hand are very dynamic in nature and varies from person to person Hence the focus of the practioners should be more towards employees. It's important to take care of organizational setting and structural determinants to suit the needs of the employees. However Environmental determinants are beyond the control of the organization. The above study was to decode the most complicated and dynamic determinants of individual determinant. Individual determinants consist of four variables named General training, Positive affectivity, Job motivation & Met Expectation. The outcome of the regression is that if the Dispositional tendency of the employee is to experience pleasant emotional states in the work environment

that clearly means that the expectation of the employee is met. Employee who join the organization has certain expectation and if this expectation are met then they have positive affectivity. Employee who experience positive and pleasant experiences have more job satisfaction and have greater orientation toward the membership in the system. Positive affectivity has greater Impact on Job satisfaction. Higher the positive affectivity greater the job satisfaction. If employees have job satisfaction then they may not exit the organization.

Literature review seldom speak that organizational commitment is more important indicator than Job satisfaction. Organization commitment is defined as the employee loyalty or attachment to the employer. Model - II results categorically tells that Job motivation is most important variable for creating employee

Employee loyalty or attachment to the employer is one of the key measurements of employee turnover. Organizational commitment is indirectly proportional to employee turnover. If the employee shows more commitment towards the organization lesser turnover and vice versa. Different models to measure organizational commitment is available in the market however as per our analysis of the model - II the most important variable to hook the employee with the organization is Job motivation followed by positive affectivity. These clearly means that if the employee has understood the job profile and accepted mentally to work on the given job and the circumstances are beneficial which may lead to job motivation and hence organizational commitment. Greater job motivation also means greater positive affectivity and hence more organizational commitment.

Human resource and line managers necessarily need to focus on positive affectivity and meet expectation of the employees for creating job satisfaction and increase job motivation and positive affectivity for greater organizational commitment. Since job satisfaction and organizational commitment are a precursor for employee turnover variables from Individual turnover is of greater importance and organizations need to understand the importance of variables like Met Expectation, Job motivation and positive affectivity to reduce employee turnover within the organization.

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