Antecedents of Employee Turnover Intention: A Proposed Theoretical Framework

1 Ammar Al-Qolaq and 1 Ismael Abu-Jarad
1 PhD Candidate, Graduate School of Business, UUM
2 Visiting Senior Lecturer, School of Business Management, UUM

Abstract

What makes employees leave their organizations has been of interest to both researchers and managers. As turnover is costly, it is important to understand what leads to such turnover. Is it the organizational culture? Is it job satisfaction? Is it the lack of organizational commitment? Is it lack of training? Is it the employees’ perceived support of both the supervisor/manager and the organization as a whole? This concept paper sheds some light on the literature and identifies the antecedents of intention to leave. The paper proposes a theoretical framework that shows the variables that explain the phenomenon of turnover intention.

Keywords: antecedents of turnover intention, intention to leave, proposed theoretical framework

Introduction

Retention and staff turnover are issues of importance because they have an impact on an organization in several ways. The research of Ahlrichs (2000) highlights the very high and often underestimated costs of turnover of key staff for employers (also compare Roodt & Bothma, 1997). There are two kinds of costs for turnover, namely visible and invisible.

Visible turnover costs are items such as leave capitalization, recruitment costs, reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses. Invisible costs include increased HR and payroll administration, loss of productivity, transition meetings and informal training. Hidden costs such as missed deadlines, loss of organizational knowledge, lower morale due to overwork, clients’ impact and chain reaction turnover. Another turnover impact for the organization is the fact that long-tenured employees develop personal relations with customers. These relations are the foundation for a re-enforcing cycle of positive interactions between employees and customers. Staff retention therefore has a positive effect on good customer relations and ultimately profitability (Roland, Rust, Stewart & Pielack, 1996).

Demotivated remaining staff is another outcome of staff turnover. Losing good employees is also costly in terms of the impact it has on company morale. Those that remain may often feel demotivated or disheartened, resulting in a drop in productivity and job satisfaction. If staff members witness the new job opportunities being snapped up by their colleagues, they could also follow suit.

These latter expenses, although more difficult to quantify, are also costly (Hay, 2001).
This study aims at highlighting the main antecedents of turnover intention as highlighted in the literature.

**Turnover Intention**

A number of HRM practices have been suggested as potential solutions for turnover, such as investment in training, offering organizational support, adopting innovative recruitment and selection processes, offering better career opportunities (Cheng and Brown, 1998; Forrier and Sels, 2003; Hinkin and Tracey, 2000; Walsh and Taylor, 2007; Walters and Raybould, 2007) and adopting measures to increase job satisfaction and commitment (Aksu, 2004).

Labour turnover is not only a significant tangible dollar cost but also an intangible or “hidden” cost associated with loss of skills, inefficiency and replacement costs (Lashley and Chaplain, 1999). Lashley (2000) refers to lost investment in training and lost staff expertise as particular examples of turnover costs and opportunity costs. Some scholars point to more intangible transaction “costs” of labour turnover associated with organizational behaviour and related “hygiene factors” such as work reutilization, role conflict, poor job satisfaction, low morale, poor commitment, corrosive supervision/leadership and a lack of career development that impact on employee productivity, effectiveness, quality and hotel service standards (Deery and Iverson, 1994; Davidson et al., 2001a, b, c; O’Connell and Kung, 2007).

Empirical evidence has shown that lost productivity resulting from staff turnover may account for more than two-thirds of the total turnover cost (Hinkin and Tracey, 2008). As turnover increases, service quality may decline as it takes time and resources to “back fill” departing employees, especially at busy hotels (Lynn, 2002).

Turnover is costly regardless of the type of industry. For example, in the hotel industry, a reduction in employee turnover would be a significant factor in reducing costs and improving labour productivity. Yet, managing and accounting for turnover remains a vexed question for hotels as there is no single point of accountability within or between departments. There appears to be few successful strategies to achieve improved labour turnover and the hotel accountability structure remains relatively weak. The HRM budget generally covers direct costs of turnover (Davidson et al., 2006). This is most likely because the cost of staff turnover falls outside the conventional accounting practices within hotels. This practice signifies lost accountability and diminished internal organizational visibility for this cost. The lost accountability issue is exacerbated when it is recognised that the cause of the cost originates from a different accountability unit (i.e. the area of the organization where the employee works) to the unit that incurs much of the cost associated with staff turnover (HRM).

**Training**

The literature interprets a positive connection between the staff turnover rate and the scale of investment in training in two ways (Green et al., 1996). A first interpretation assumes that companies with a high turnover will invest more in training so as to replace the skills and competencies of outgoing personnel (replacement investments) and/or to increase employment loyalty in the future (retention management). A second interpretation argues that companies which train extensively thereby generate higher turnover precisely because the trained personnel leave the company for better paid jobs where they can use the skills they
have acquired. Training increases the value of the employees in question, and this increases the likelihood of their being "poached" by rival companies. If any causal connection is found, the direction of causality therefore remains less than certain.

Current labour economic thinking on training assumes a negative relationship between turnover and training. It is shaped by Becker’s Human Capital Theory. Becker (1964) supposes that the investment in training is the result of optimising decisions made by both workers and employers. The increased skills resulting from general training enable employees to extract higher wages from their current or future employers. Since employers are confronted with the risk not being able to recoup this investment, they will not be inclined to sponsor general training of their employees. Firm-specific training, on the other hand, cannot generate an increased wage with other than the current employer. Therefore, firms can recoup their investment in specific training and they will be willing to share some or all of the costs of specific training. According to Becker (1964), a purely competitive labour market will always provide the optimal level of training investment.

Organizational Commitment

Organizational commitment refers to an individual’s feelings about the organization as a whole. It has become more important than ever in understanding employee behaviour because it is identified as more stable and less subject to daily fluctuations than job satisfaction (Angle and Perry, 1983; Mowday et al., 1982). Organizational commitment can be generally defined as the relative strength of an individual’s identification with, and involvement in, an organization (Mowday et al., 1979; Meyer et al., 2002). As an antecedent, it is noted that committed employees are less likely to leave the organization, as well as feel the need to go beyond normal job requirements. Committed employees also make a more significant and personal contribution to the organization, perform better, engage in organizational citizenship behaviours (OCBs) and are less likely to engage in unproductive or destructive behaviours (Meyer et al., 1993, 2002). As an outcome, organizational commitment has been found to arise from positive work experiences, job satisfaction, trust in management, and attractive remuneration and rewards (Meyer et al., 2002).

Research in this area reports a strong relationship between organizational commitment and turnover, specifically that higher levels of commitment result in lower levels of intention to leave, therefore lower turnover (Allen and Meyer, 1990; Falkenburg and Schyns, 2007; Bentein et al., 2005; Good et al., 1996; Harris and Cameron, 2005; Huselid, 1995; Rhoades and Eisenberger, 2002). Organizational commitment is one of the predictors of turnover intention (Arnold and Feldman, 1982; Hollenbeck and Williams, 1986).

Perceived Organizational Support

Perceived Organizational Support (POS) can be defined as the overall extent to which employees believe that their organization values their contribution and cares about their well-being (Eisenberger et al., 1986). The concepts of social exchange and the norm of reciprocity are often used by researchers to describe the motivation for employees to display positive behaviours towards their organization, such as loyalty, which are not formally rewarded or contractually required by the organization (Rhoades and Eisenberger, 2002; Settoon et al., 1996).

However, the relationship between POS and turnover intention appears likely to elucidate options for managers to take positive steps to retain valued employees.

A study by Loi et al. (2006) attempted to measure the mediation of POS in the relationship between perceived justice, predicting organizational commitment and
intention to leave, while controlling for the effects of the size of the firm and demographic variables. They found that POS mediated the relationship between organizational justice (procedural and distributive) and both organizational commitment and intention to leave. Although the link between organizational commitment (AC and CC) and turnover intention is well established, research into the relationship between POS and turnover intention has only been examined more recently (Rhoades and Eisenberger, 2002; Stinglhamber and Vandenberghe, 2003).

Eisenberger et al. (1986) propose that in order to assess the willingness of the organization to reward their efforts employees generate perceptions as to the extent to which the organization cares about their well-being and values their contribution, which they label as perceived organizational support (POS).

The provision of organizational support to an employee is likely to generate feelings of goodwill towards the organization, strengthening the bond between employer and employee, which, in turn, increases the feelings of obligation to repay the organization, through the norm of reciprocity (Eisenberger et al., 1990; Maertz et al., 2007).

Consequently, POS should be positively related to affective organizational commitment and negatively related to turnover intentions. Recent studies confirm this relationship empirically in Western settings (Wayne et al., 1997; Rhoades et al., 2001; Rhoades and Eisenberger, 2002; Maertz et al., 2007).

**Perceived Supervisor Support**

The literature suggests that employees develop general views concerning the degree to which their supervisors care about their well-being and value their contributions towards the organization, called perceived supervisor support or PSS (Maertz et al., 2007). PSS has gained increasing attention in the literature and found to be significantly related to important organizational outcomes such as employee turnover and turnover intentions (Eisenberger et al., 2002; Maertz et al., 2007).

Empirical research primarily conducted in Western settings confirms a strong positive relationship between perceived work-related support and organizational outcomes such as organizational commitment, turnover intentions and turnover behaviour (Rhoades et al., 2001; Eisenberger et al., 2002; Rhoades and Eisenberger, 2002). Existing studies overwhelmingly report a significantly positive relationship between PSS and POS (Yoon and Lim, 1999; Yoon and Thye, 2000; Rhoades et al., 2001; Eisenberger et al., 2002). However, there is controversy in the literature as to the relationship between PSS and POS.

One stream of literature suggests that PSS effects on organizational outcomes, such as affective commitment and employee turnover intentions, are fully mediated by POS (Eisenberger et al., 2002; Rhoades et al., 2001). Eisenberger et al. (2002) find that POS fully mediates the relationship between PSS and turnover. Rhoades et al. (2001) support their view, finding that the effects of PSS on affective commitment were fully mediated through PSS. Another stream of literature suggests that supervisor level constructs such as PSS might have direct as well as mediated effects on organizational outcomes such as turnover intentions (Becker, 1992; Maertz et al., 2002, 2007).

POS has been associated with a number of outcome variables, particular attention has been paid to POS in the context of employee turnover decisions. Indeed, many supportive organizational practices are specifically intended to increase the connection between employee and employer in order to reduce voluntary turnover. Participation in decision-making, fairness of rewards (Allen et al., 2003), developmental experiences and promotions (Wayne, Shore, & Liden, 1997), autonomy (Eisenberger et al., 1999), and job security
(Rhoades and Eisenberger, 2002) have all been empirically linked to POS. These actions reflect the organization’s propensity to meet employees’ socio-emotional needs (Eisenberger et al., 1986). POS assures employees that the organization stands behind them as they perform their jobs and handle stressful conditions (George, Reed, Ballard, Colin, & Fielding, 1993). In harmony with the norm of reciprocity, supported employees tend to value and respect their organization and are therefore willing to contribute to the organization’s goals.

**Network Resources on Turnover Intentions**

A growing amount of research has highlighted how the network resources inherent in webs of informal relationships between individuals (Tsang, 1998; Su and Littlefield, 2001).

The literature distinguishes between two distinct types of intra-organizational network resources: those of an instrumental and those of an expressive nature (Bozionelos, 2003, 2008; Bozionelos and Wang, 2006). Instrumental network resources have been defined supportive relationships with senior members of the organization which primarily serve to advance the career interests of the individual employee, whereas expressive network resources are seen as those relationship ties with co-workers that serve to provide psycho-social support and feedback to the individual employee (Bozionelos and Wang, 2006). Previous research stresses the importance to organizations of developing environments in which their employees are able to establish and maintain supportive relationships with other members of the organization (Ensher et al., 2001; Chiaburu and Harrison, 2008; Self et al., 2005).

Organizations are increasingly developing collegial support schemes within the workplace to allow individuals to develop their intra-organizational network resources (Raabe and Beehr, 2003). Such schemes contribute to the development of group interdependence and harmony within the organization, which should theoretically result in better organizational outcomes. On the basis of the existing literature we might expect that the greater the network resources possessed by an individual employee the more they should feel supported by other members of the organization (Ensher et al., 2001; Chiaburu and Harrison, 2008; Bozionelos, 2008; Self et al., 2005). This will increase POS to the extent that this treatment is attributable to the organization. In turn POS should reduce turnover intentions through higher levels of affective commitment towards the organization Newman et al., (2012).

**Corporate Climate**

Recent research (Schyns et al., 2009; Rashid et al., 2009; Khan et al., 2007; Furnham, 1991) confirmed that discouraging organizational climate negatively affects job satisfaction level which in turn may accelerate employee turnover.

Moran and Volkwein (1992, p. 20), for example, defined corporate climate as:

A relatively enduring characteristic of an organization which distinguishes it from other organizations and: (a) embodies members’ collective perceptions about their organization with respect to such dimensions as autonomy, cohesiveness, support, recognition, innovation, and fairness; b) is produced by members interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms, values, and attitudes of organizations cultures; and (e) acts as a source of influence for shaping behaviour.

Lambert et al. (2001) reported five factors of work environment, namely: role conflict, task variety, financial rewards, relations with co-workers and autonomy/participants. Moreover, Downey et al. (1975) identified six components of organizational climate: decision making, warmth, risk, openness, reward, structure. Altman (2000, p. 15) suggested that corporate
Climate characteristics can be classified into the following areas: “[…] job, Role, Leaders, Organization and Workgroup”.

Employees are more likely to leave if they perceive a lack of clear direction on the part of management. It would appear that companies are less adept at marketing themselves to their employees than they are at selling the company to other stakeholders (Hay, 2002).

Stone et al. concluded that there is a relationship between organizational climate and intention to leave. Thatcher et al. (2003) focused on the effect of organizational climate on the turnover intention in an information technology firm. They reported a strong relationship between both of them.

Employee benefit management

Prior studies investigated how family-friendly practices and work-life balance practices were related to employee retention (Grover and Crooker 1995) and reported that childbirth and child-rearing leaves with the promise of full-time re-employment and disseminating information about local childcare services promoted retention. Many intermediary factors, e.g. job satisfaction, organizational commitment, motivation, trust (in the organization), and other job attitude factors, have been adopted with proven effects. In examining the relationship between employee benefit programs and retention, another model was examined in regard to the effect of monetary worth (an objective factor) of employee stock options programs and the feeling of participating in company management through this (a subjective factor), which may lead to withdrawal cognition and actual spontaneous resignation by way of multi-step awareness, i.e. satisfaction with the system, overall job satisfaction, and organizational commitment (Buchko 1993). In short, this model makes it clear that both the objective and subjective factors are related to retention, and that job satisfaction is important as an intermediary factor.

Job Satisfaction

As in much career research, career satisfaction and career success are interchangeably used in this study. Career success is defined as positive psychological or work-related outcomes or achievements that a person accumulates as a result of work experiences (Judge et al., 1995). Models of career success have included a number of demographic, human capital, and motivational variables related to career success (Judge and Bretz, 1994; Judge et al., 1995). In the past, much research on careers has viewed the individual as being passive and influenced by situational factors (Bell and Staw, 1989). Career/job satisfaction is a significant predictor of employee turnover (Egan et al., 2004; Wright and Bonett, 2007). Whereas, employees are most likely to turnover when both their psychological well-being and their job satisfaction are low (Wright and Bonett, 2007), satisfaction with meaningful work and promotion opportunities were significant predictors of turnover intention (Wright and Bonett, 1992).

Research results have shown job dissatisfaction to be associated with negative behavioural outcomes such as absenteeism, workplace accidents, and labour turnover (Griffeth, Horn, & Gaertner, 2000; Hellman, 1997; Hellriegel & Slocum, 2004; Newstrom, 2006; Sousa-Poza & Sousa-Poza, 2007). Currall et al., (2005) found pay satisfaction to be positively related to performance and negatively related to employee turnover intentions. Similarly, the results of another study by Davis (2006) also showed general job satisfaction to be strongly and negatively related to turnover intentions (r = -.69). Job satisfaction has been shown to be the main predictor of turnover intention (Larrabee, et al., 2003; Parry, 2008).
Figure 1: Theoretical Framework of the Study

- Corporate Culture / Corporate Climate
- Training
- Organizational Justice
- Career opportunities
- Perceived Support
  - Organizational (POS)
  - Supervisor (PSS)

- Job Satisfaction
- Trust in Management
- Remuneration and Rewards
- Organizational Commitment
  (Affective, Normative,)

- Control Variables
  - age
  - Location of the Job

- Intention to Leave
References


Vandenberg, R. J. (2002). Toward a further understanding of and improvement in measurement invariance methods and procedures. Organizational Research Methods, 5, 139-158.


