

**A Comprehensive Model Of Employee Turnover To The Information
Technology Industries In India**

1. A. Vijayalakshmi,
Research Scholar, Bharathidasan
University, Assistant Professor,
Department of Business Administration,
Valliammal College Women, Chennai

2. Dr. M. Selvachandra,
Associate Professor (RtD.)
Department of commerce
A.D.M. College for Women (A)
Nagapattinam

ABSTRACT

Attrition (turnover) is a reduction in the number of employees in a company made by not replacing those who leave, rather than forcing people to leave their jobs. High attrition or employee turnover has a massive impact on the functioning of an organization, mainly in information technology (IT) industry manpower is considered to be a major asset and these assets could away very quickly as the challengers are yeaming to grab these IT talents. Several mechanisms have been followed to control the high turnover, but the trend continues to go up. Most of the studies focus on examining specific areas of attrition as the existing conceptual frameworks are supporting to understand only partial issues, and a comprehensive framework is still missing from the literature. This paper aims to critically examine the various models of turnover and develop a comprehensive model that would help to capture the overall issues related to attrition of IT employees. The comprehensive, integrated model of turnover constitute the process and various factors involved in the decision making of withdrawal.

Key Words: Attrition, turnover, manpower, decision making, comprehensive turnover model, IT talents

INTRODUCTION

"For many people, a job is more than an income – it is an important part of who we are. So a career transition of any sort is one of the most unsettling experiences you can face in your life."

Paul Litheroe

Employee Attrition is referred to as a reduction in the strength of employees gradually through means of firing, lay-off, and closure (Cambridge dictionary). N.R. Narayana Murthy says, an Employee is a major asset in the information technology (IT) industry when an employee leaves the organization; he takes away the secrets and strategies of the organization along with him. (Chary, 2002:77). Attrition cost is high because the investment made in terms of recruitment, training and replacement cost is more (Richtsmeier, 2018). Hence, attrition is considered a significant problem as it could create harm to the base of the organization. It is speculated time, and again that for all organizations, reduction in turnover is a desirable goal which is a subject of query for an individual basis. The pedigree of turnover had spread mainly out in all aspects of the organizational structure since it interrelates meticulously with a variety of persons.

The IT industry is rapidly growing and this growth has completely changed the silhouette of the Indian business-standard itself. National Association of Software and Services Companies (NASSCOM) has estimated a growth rate of 12 – 14 % during the year 2018-2019 (Nasscom, 2019). This depicts that the IT industry is going to emerge as an important market segment in developing the Indian economy.

The high attrition rate is a bane for many IT companies because these corporations are finding challenging to unearth workers who match their requirement. A study done by Mercer Mettl Inc. illustrates that nearly 45 per cent of employers reported that the turnover cost incurred on a lost employee amounts to \$10,000 and nearly 25 percent employer quoted around \$30,000 per employee. Further, the study points out that 75-90 percent of newly joined employees decide either to remain or leave during their first six months of the job. In addition to the monetary loss incurred through recruitment, interview, hiring and training, the employers find it challenging to handle lost morale, company's integrity, trade secrets and the customers. (Ganeriwala, 2018). During April-June 2019 period several Indian IT companies witnessed higher attrition as high talents are switching off to another company. Many companies had high attrition rate. For

example, Infosys and Cognizant the attrition rate crossed 20 percent, Wipro's attrition rate reached to 17 percent, Accenture Plc reported 18% attrition and Mind Tree's attrition was 15%. Of these TCS was the only company that had less attrition of 10% (Basu, Sarkar, 2019).

The employers are taking initiatives to curb attrition at the earlier stage itself and are taking many remedial measures to beat the attrition like altering compensation model, offering promotions and hike in salary.

OBJECTIVE

To critically evaluate the existing models of turnover and to identify a comprehensive conceptual framework that would help to explore the overall factors that affect the turnover of IT professionals in India.

REVIEW OF TURNOVER MODELS

In this paper, specific turnover models that are specifically related to the turnover of IT professionals have been chosen for review. The models reviewed include Mobley's model of Turnover (1977), Lee and Mitchell's (1994) unfolding model of turnover, Porter and Steers' (1973) turnover model, Mueller and Price's (1990)-causal model, Sheridan and Abelson's (1983) cusp catastrophe model. The detailed reviews of these models are presented below.

Mobley's model (1977) portrays an orderly decision process system of quitting the job. This process depicts how a dissatisfied employee decides to quit. In this model, the main factor is job dissatisfaction; when dissatisfaction arises, the employee looks for alternatives within the organization or outside the organization, the non-job related factors. After a comparison of both conclude either to quit or not. However, the model suggests that there is a need to understand the factors that influence withdrawal behaviour.

The unfolding model of voluntary employee turnover model by Lee and Mitchell (1994), analyses the ideas and notions of external-pull and internal-push factors that abet decision making and to gauge the behaviour of people who voluntarily leave an organization. The unfolding model of employee turnover is depicted as a many-sided process in which the individual's choice to stay or leave the organizations revolves around their mind-set, state of affairs and job atmosphere. The nucleus of this model is the four diverse paths; of these three paths are based solely upon a kind of shock. Shock can be neither optimistic nor pessimistic, or middle-point; nevertheless it just could not be overlooked. The authors insist that employee

turnover takes place at all times. It is on the part of the researcher nor the managers to study why the employee decides to leave. Because even after 30 years of continuous research, it is not able to foresee when an employee will leave the organization and that a new theory has to be evolved. Porter and Steers (1973) explored into different factors that linked with turnover and absenteeism. They established that job satisfaction is always and conversely associated with turnover, and that job satisfaction is a forecaster of turnover. They have categorized the factors into four, and each one corresponds to a particular level in an organization. The enlisted factors that affect withdrawal are: organization-wide factors, immediate work environment factors, job-related factors, and personal factors. Certain variables like pay and promotion, supervisory style, job dissatisfaction and personality traits were derived out from these models and grouped these factors as internal factors. Of these, personality traits differs from person to person and persons who have added personality traits like high anxiety, aggressiveness, emotional instability, independence and self-confidence leaves the organization in more numbers.

The authors have identified the effect of met expectations in the decision to quit. It is foreseen that if a person's expectations are met, his decision to quit will be less and prefers to stay if his expectations are not met the decision to quit will rise and prefers to leave.

To sum up, there is sufficient proof to signify overall job satisfaction as a significant factor in withdrawal and absenteeism. Job satisfaction is observed as a whole of met expectations, and if the met expectations are met, job satisfaction is high.

The authors have clearly stated that unexplored factors such as external factors like economic condition, job offers and certain personal factors like illness or pregnancy, need to be considered for a better understanding of turnover.

They have also suggested other areas that required attention in the conceptualisation of turnover. The areas include the psychology of the withdrawal process, expectations about the job while joining and his real experience perceived on the job. More concentration has to be given to valued employees because the rate of turnover and absenteeism is more in this kind of employees. Special emphasis required to understand the consequences of organizational intrusions on turnover and absenteeism.

Sheridan and Abelson's (1983) Cusp catastrophe model explicate into the process of turnover that shows the way for job termination; it depicts the transition that commences from retention to

termination. This model portrays the changeover that happens between retaining and quitting as an observable fact where an employee challenges to remain in the organization for a more extended period.

This catastrophe model has quite a few implications for forecasting and unfolding the process of withdrawal that is from the forecaster point of view. Withdrawal is not a continuous linear function; it is a state of change that takes place when job tension and dissatisfaction go beyond the limit.

It is hypothetically proven that there exists a relationship between job tension and job commitment which pertains to reduction of commitment in the leaver's mind than the retainers towards the nearing of the termination date. The leavers' variable measures seem to differ transversely in the bifurcation plane throughout the months that are ahead of the date of termination. An extensive and comprehensive longitudinal understanding of the different states of mind that occur in an employee during the process of withdrawal.

Mueller and Price (1990), studies the economic, psychological, and sociological determinants of voluntary turnover to bring out an integrated explanatory model on voluntary turnover. This model depicts that the work conditions, environmental conditions, and employee characteristics principally influence turnover by banging on the superseding variables of job satisfaction, organizational commitment and intent to stay.

The economic model focuses on the variable pay, labour market; the psychological model stresses the importance of employee orientations and the sociological model consists of variables of both the economic and psychological models. The economic variables and psychological variables are deemed to be exogenous factors. The factors that come from sociology are classed as structural features of work setting, employee characteristics and environmental constraints. Sociologists suggested that the expectations of the employee should not be solved directly, and the economists insist that the employees prefer higher reward for their work.

To conclude, the authors decide the findings of the study, insists on the inclusion of explanatory variables from the field of economics, psychology and sociology. It further points out the importance of external opportunity structure and training and the psychological variables like satisfaction, commitment and intent to stay acts as an arbitrator. The sociological variables like

work group cohesion and task identity boost employee satisfaction which in turn reduces turnover.

DISCUSSIONS

Mobley's model and Lee and Mitchell's model depicts the process that is involved while deciding to quit. The other three models Porter and Steers, Mueller and Price, Sheridan and Abelson portrays the determinants of turnover.

Mobley's model follows a rational – logically orderly processes so it cannot be a heuristic processes involved in quitting a job. It portrays that the decision-making process is quite indistinguishable in every employee. However, only to a certain extent, the same order can be followed as there can be an influence of other factors and due to this, a selective step can be missed out or else a different order can substitute it. On top of everything these models depict the psychological process involved in decision making and speculate that the intent to leave paves the way for searching. It rigidly confirms that the influence of job satisfaction in the job turnover process is crystal clear and still the relationship present within job satisfaction and turnover is very fragile.

The factors included in this model are focused only upon an individual, it did not take into consideration the family, society, organizational and external environment. Moreover, Mobley et al. (1979) in their second edition, put forwarded certain variables related to several labour, job, organization and personal. Later, Mobley (1982) contemplated that it is not possible to confine the whole intricacies involved in the expanded edition in just one study and envision for a novel, innovative research.

Lee & Mitchell's (1994) unfolding model analyses the ideas and notions of external-pull and internal-push factors that back up decision making during withdrawal and asserts that employees adopt different paths while deciding to quit, unlike Mobley's model (1977) that follows a sequential order of decision making. Lee and Mitchell (1994) opened up a new model which is entirely different from the traditional models. In this model, the pull factors like lucrative pay, money-spinning benefits are the main factors of turnover, even though the employee does not have the intention to leave, these factors creates the intention to leave. The study of shocks, decision paths and its relevance to withdrawal behaviour will significantly enhance the scholastic perceptiveness of employee turnover. Of the four paths, three paths are related to shock and the

fourth path is related to job dissatisfaction but job dissatisfaction also arise out of psychological changes that happens while searching for a job or while evaluating the present the present job or alternative job.

The other three models of turnover, Porter and Steers (1973), Sheridan and Abelson (1983) and Mueller and Price (1990), their focal point is only on the variables related to turnover. These models focus mainly on the psychological factors of voluntary turnover and left out the external variables.

Job satisfaction is considered to be a standard variable in all three models. Job satisfaction is persistently related to turnover, and it acts as a forecaster of turnover. It co-relates with Mobley's and Lee and Mitchell models, that job dissatisfaction is the starter of withdrawal.

Porter and Steers (1973) and Muller and Price (1990) insists on the significance of pay and promotion in turnover. It is used as a motivating factor by the employer to attract or retain an employee. It has both a negative and positive impact because it is used as an instrument to pull an employee from another company or to push the employee from the present company.

All three models also give job-related factors like task repetitiveness, job autonomy and responsibility, and role clarity, work group cohesion and work load due importance. Discontent in the job will naturally land up in job dissatisfaction which is proportionately related to withdrawal. Organizational commitment acts as an arbitrator among structural conditions and the decision to leave. Personal factors, though it is distinctive, seems to encompass enormous tribulations in the decision to quit. These factors are seemed to be ignored by many researchers. However, the insertion of these factors is vital for developing a more inclusive model for explicating the vibrancy of worker's involvement in a job. It is essential to include these factors and also the organizational competence and efficacy into the turnover model.

According to sociologist, the employee's relationship with parents, spouse and children and the society determines positively to the turnover rate. Existence of such a relationship reduces turnover because of the importance given to other factors like pay, job-related factors would be less and overlooked.

Apart from sociological factors, many factors are overlooked by these existing models discussed in this section. This calls for a comprehensive model that helps to understand the whole set of factors that influence the employee to quit his/ her job.

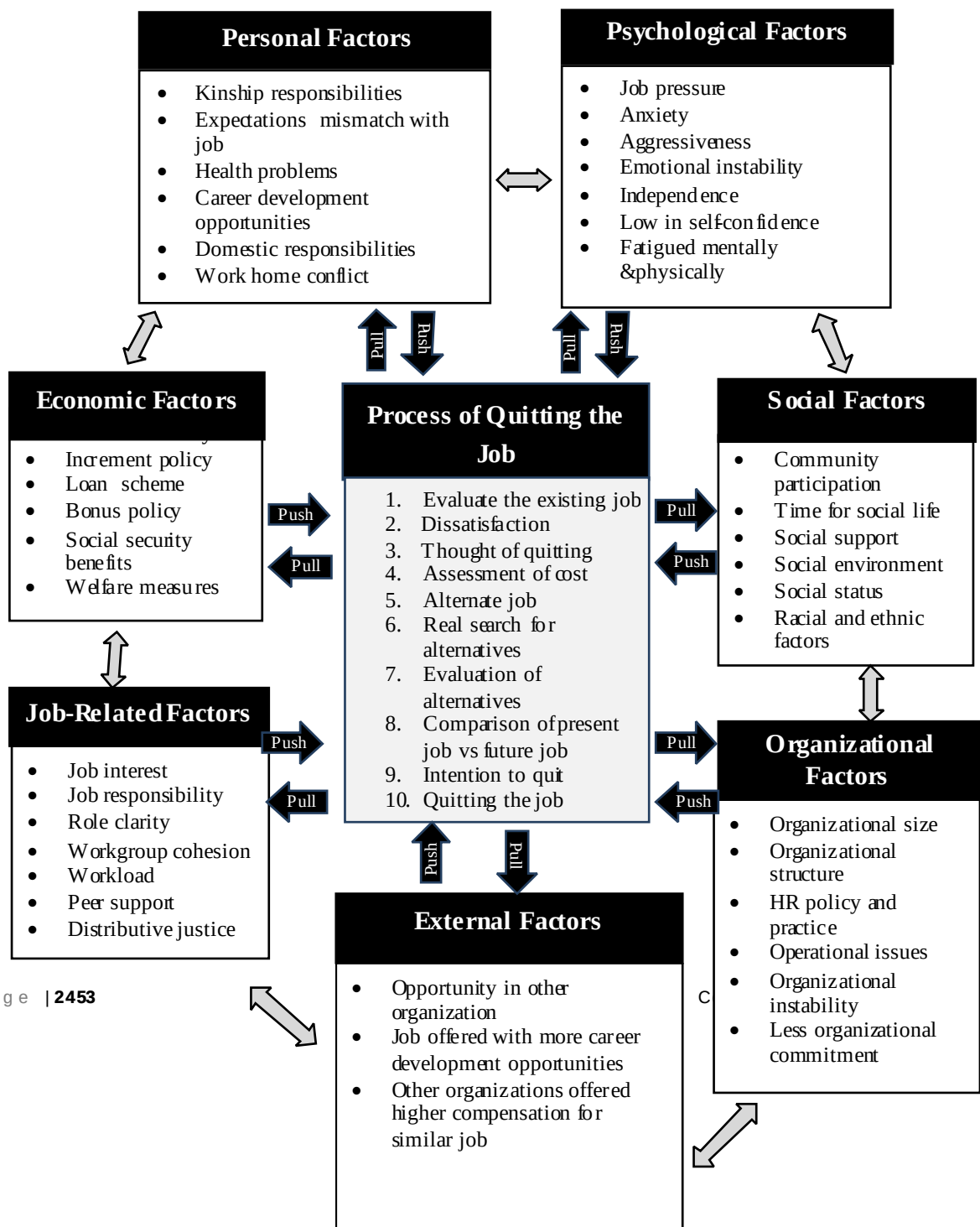
A COMPREHENSIVE MODEL OF TURNOVER

It is an observable fact that employee turnover (attrition) is the most significant consideration for the smooth functioning of an organization. Therefore, it is inevitable to study the causes and the consequences of employee turnover. The models reviewed in this paper are focussing, mostly specific factors that affect turnover. Taking any single or combination of models may not help to understand the whole range of reasons that an employee decides to quit his/her job. Therefore, it is crucial to consider the strengths and weaknesses of these models and look to establish a comprehensive model that enables to get a clear understanding of the causes behind the employee's decision to quit his/her job. This section focuses on the derivation of such a model. The comprehensive model derived based on the short-falls of the five models reviewed in this paper, the research work of others on turnover and the author's own experience and knowledge of working in this subject.

The model starts with the processes of quitting, which is more or less what Mobley followed. However, it does not recommend to follow the same list or the same order as it can change due to various internal and external factors that can pull and push the employee or the employer. As seen in the previous models, several factors influence the employee's decision to quit. However, there are also additional factors that are missing from these models, which are pointed out by other researchers. Considering that they are used for a specific context like voluntary turnover or examining only personal reasons. However, such single-focused understanding is not helping as many IT companies to understand a large number of turnover. Such mass or fast turnover happens because the reasons for quitting are complex. Therefore, from a specific, focused model to a comprehensive model is required where the range of factors that involved in a quitting process can be understood, and actions can be taken accordingly to control the turnover. This comprehensive model considered all the relevant factors and classified them under seven broader themes: personal, psychological, social, economic, organizational, job related and external environmental factors. A set of factors in each of these broad themes can have a push and pull effect on the process of quitting. Moreover, these broad themes are interlinked, and each one of them can influence each other during the process of decision making.

If we look at the details of the model, the personal factors where other models covered extensively have missed out the key influencers like health problems, domestic responsibility

and work-home conflict. These are vital areas to consider because the individual's engagement is beyond the work that he/she involved in the company. For example, if an employee has a conflict with his work and home or has to attend domestic responsibilities, either his home situation can push him/her to think of quitting. In another way, the employer can push the employee out of the job if he concentrates more on his home than a job. Like that the other personal aspects missed out in the earlier models have a strong influence on the decisions to leave the job.



Sources: Adopted from
Mobley (1979); Lee (1994.); Price (1994);
Porter (1973); Price (1990)
Abelson (1983)

In the psychological factors, Mobley and others highlighted anxiety, emotional instability and low in self-confidence are reasons to leave the job. However, people's mental fatigue, job pressure and aggressive nature can also lead them to quit.

In the models discussed in economic factors only pay is projected as important factor but certain factors like Increment policy, Loan scheme, Bonus policy, Social security benefits, Welfare measures has been ignored. When an employee joins a company he looks into above mentioned benefits because when there is a standard and good increment policy there will be a fixed marginal increase in their salary. Apart from this best bonus policy, social security and welfare measures will boost up the confidence in the employee and reduces turnover

In the social factors due importance is not given to Community participation, Time for social life, Social support, Social environment, Social status, Racial and ethnic factors. When an employee faces discrimination of this sort his/her affected both psychologically and physically, it creates a total modification in their ambience and salience.

In the job-related factors, distributive justice and work group cohesion has not been discussed in this models, if there is a fair distribution of work and equality in treatment of work the chances for job dissatisfaction will be less.

In organizational factors the structure of the organization and operational issues has to be considered because if there is no proper organizational structure and proper operational methodologies the functioning of the organization will be affected and this in turn will create dissatisfaction in an employee and lead to turnover.

The external factors like Opportunity in other organization, Job offered with more career development opportunities, Other organizations offered higher compensation for similar job has

been studied but factors like more non-financial rewards in new job, Opportunity for more shared responsibility in a new job and more status and more freedom from job offered has not been taken for study in the existing turnover models. Its human tendency to earn fame and do things that shoot up their fame

Though a set of factors in each of the theme can independently influence the decision to quit, however, more often all these factors work together simultaneously and in that the process of quitting changes and no longer it stays as the same order as suggested by the Mobley's model. Moreover, because of the simultaneous influence of various factors, it makes it difficult for self-evaluation of the process by the employee and makes the right decision. Not only understanding such complex factors useful for the management of the employers to prevent turnover and it also necessary to guide or counsel the employee by the HR or external counseling or advisory service system to show how complex the effects of various factors that affect him/ her.

It is anticipated that the comprehensive model of turnover will facilitate prospective researchers or the management of the companies or counselling/ advisory systems with a better understanding of the turnover process and the determinants influencing turnover.

It is anticipated that the comprehensive model of turnover will facilitate prospective researchers with a better understanding of the turnover process and the determinants influencing turnover. Consequently, this comprehensive model incorporated personal factors, economic factors, job-related factors, psychological factors, sociological factors, organizational factors and external factors that are beyond the control of the organization in order to reduce withdrawal and retention of an employee.

CONCLUSION

The turnover model of Mobley's depicts the psychological process involved in decision making of withdrawal. The factor job satisfaction only has been taken for consideration, and the factors related to family, society and environment has been ignored. The Lee & Mitchell's unfolding model proposes some novel and innovative process in the turnover process like the study of shocks, decision paths and its relevance to withdrawal behaviour. This will significantly enhance the scholastic perceptiveness of employee turnover, but extensive research has to be on studying shocks that persist on stayers and leavers.

In the other models, too, the factors are premised only on psychology and cognition. The factors are focused only on the individual but also the factors related to family, society, organizational and external environment have been ignored. As there could be a strong influence of economic, social, and environmental factors on the decision-making process of withdrawal, these factors should have been considered for the study.

To conclude, this comprehensive model not merely facilitates to know about the unambiguity surrounding turnover and to foresee the intricacies in employee turnover, it provides unswerving solutions to employers, as managing turnover has become a herculean task in the workplace.

References

- [1] Basu, D., Sarkar (2019, August 16) IT companies go all out to stop attrition of skilled young staff. Retrieved from http://economictimes.indiatimes.com/articleshow/70693130.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst. Accessed on: December 3, 2019.
- [2] Ganeriwala (2018, Dec 27). Talent-Matching Tools to Reduce Employee Turnover. Retrieved from <https://blog.mettl.com/talent-hub/talent-matching-reduce-employee-turnover>. Accessed on: December 6, 2019.
- [3] Ghaswalla, (2018, July 23). High attrition rate continues to be bane for companies. Retrieved from <https://www.thehindubusinessline.com/news/high-attrition-rate-continues-to-be-bane-for-companies/article24497691.ece>. Accessed on: December 3, 2019.
- [4] Jackofsky, E. F., and John W. S. Jr. (1987). A causal analysis of the impact of job performance on the voluntary turnover process, *Journal of Organisational Behaviour*, 8 (3), 263-270. <https://doi.org/10.1002/job.4030080307>
- [5] Lee, T. W., and Mitchell, T. R. (1994). An Alternative Approach: The unfolding model of voluntary employee turnover, *The Academy of Management Review*, 19 (1), 51-89. DOI: <https://doi.org/10.5465/amr.1994.9410122008>
- [6] Lee, T. W., Mitchell, T. R., Wise, L., Fireman, S. (1996). An unfolding model of voluntary employee turnover, *The Academy of Management Journal*, 39 (1), 5-36. DOI: <https://doi.org/10.5465/256629>

- [7] Long, Sang., Ajagbe, Md Nor & Suleiman.(2012). The approaches to increase employees' loyalty: A review of employees' turnover models, *Australian Journal of Basic and Applied Sciences*, 6(10): 282-291. <http://eprints.covenantuniversity.edu.ng/4925/1/Approaches%20to%20Increase%20Employee%20Loyalty.pdf>
- [8] Mobley, W. H., Griffeth, R. W., Hand, H. H., & Meglino, B. M. (1979). Review and conceptual analysis of the employee turnover process, *Psychological Bulletin*, 86 (3), 493-522. DOI: <https://doi.org/10.1037/0033-2909.86.3.493>
- [9] Mobley, W.H.(1977). Intermediate linkages in the relationship between job satisfaction and employee turnover, *Journal of Applied Psychology*, 62 (2), 237-240. DOI: <https://doi.org/10.1037/0021-9010.62.2.237>
- [10] Mueller, C.W and Price, J. (1990). Economic, Psychological and Sociological determinants of voluntary turnover. *Journal of Behavioral Economics*, 19 (3), 321-335. [https://doi.org/10.1016/0090-5720\(90\)90034-5](https://doi.org/10.1016/0090-5720(90)90034-5)
- [11] Nasscom,(2019, March 15) Industry Performance: 2018-19 and what lies ahead. Retrieved from https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead_0.pdf. Accessed on: December 5, 2019.
- [12] Niedeman, F., Sumner, M., Maertz, C. Jr. (2007). Testing and extending the unfolding model of voluntary turnover to IT professionals, *Human Resource Management*, 46 (3), 331-47. DOI:<https://doi.org/10.1002/hrm.20167>
- [13] Porter, L.W. and Steers, R.M. (1973). Organizational, work, and personal factors in turnover in employee turnover and absenteeism, *Psychological Bulletin*, 80 (2), 151-176.
- [14] Price, J., (2001). Reflections on the Determinants of Voluntary Turnover, *International Journal. of Manpower*, 22 (7), 600-624. <https://doi.org/10.1108/EUM0000000006233>
- [15] Richtsmeier (2018, Sep 27). The actual cost of employee attrition. Retrieved from <https://www.tinypulse.com/blog/the-actual-cost-of-employee-attrition>. Accessed on: December 2, 2019.
- [16] Rouse, Paul D., (2001). Voluntary turnover related to information technology professionals: A review of rational and instinctual models, *International Journal of Organizational Analysis*, 9(3), 281 – 290. <https://doi.org/10.1108/eb028937>

- [17] Samad, Saufi. (2017). A comparative review of turnover models and recent trends in turnover literature, *Journal of Management and Marketing Review*, 2 (4), 27 – 35. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3129251
- [18] Sharma, Anushree. (2019, November 14). Compensation and benefits. People Matters, Retrieved from: <https://www.peoplesmatters.in/news/compensation-benefits/it-firms-experiencing-high-attrition-rates>
- [19] Sheridan, J.E., Abelson, M. A. (1983). Cusp catastrophe model of employee turnover, *The Academy of Management Journal*, 26 (3), 418-436. DOI: <https://doi.org/10.5465/256254>
- [20] Singh, Niharika. and Sharma, L. S. (2015). Process models of employee turnover during 1975-1995: A Review, *European academic research*, 3 (2), 2494-518. <https://pdfs.semanticscholar.org/7d0d/0584c43a66187cd48638ab8a75a4bff174e3.pdf>