Intra-Organizational Factors and Employee Job Practice Area Affecting Turnover Intention

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ABSTRACT

This study explores the intra-organizational factors and employee job practice area affecting turnover intention. We propose that turnover intention is influenced by two intra-organizational factors, namely, finesse factor and firm factor, and employees' association to a specific job area. Data were obtained from a diversified multinational company with many job practice areas. The findings suggest that all three factors have significant impact on turnover intention. This implies that the more positively the employees perceive the intra-organizational factors (i.e., the firm and finesse factors) in an organization, the lower their intention to leave the organization. The results also suggest that employees' associations to various job practice areas have differing significant impact on their intention to leave an organization. For example, employees in the building engineering will have a differing degree of intention to leave the organization compared to those in architecture.

INTRODUCTION

Employee turnover is a complex issue. Various studies have explored the causes and consequences of employee turnover over the past half century (e.g., March and Simon, 1958). The extant literature suggests that employees contemplate leaving an organization for various reasons. A number of studies have identified factors influencing turnover in different sectors. For instance, Ghapanchi and Aurum (2011) have identified 70 conceptually distinct drivers for turnover in IT sector. They have classified these drivers into job-related factors, individual attributes, organizational factors, psychological factors, and environmental factors. Meeusen, Brown-Mahoney, Van Zundert and Knape (2011) suggest that work context characteristics, work climate, and personality dimensions are the major predictors of turnover intention in nurse anesthetists. Carraher (2011) posits that attitudes towards benefits, pay, pay satisfaction, gender, and age affect the employee turnover in Estonia, Latvia, and Lithuania (Carraher, 2011). Yet, other studies indicate that the learning and working climate (Govaerts, Kyndt, Dochy and Baert, 2011), empowerment and transformational leadership (Gill, Mathur, Sharma and Bhutani, 2011), HR practices (Thite and Russell, 2010), justice in procedures, support, job stress, job satisfaction and

commitment, demographic diversity characteristics (Rekha and Kamalanabhan, 2010), etc. are critical antecedents of turnover intention among employees in various industries. However, review of the literature shows a lack of research about the factors affecting the turnover intention among employees in both geographically and functionally diversified organizations. There is also a paucity of evidence of exploring the issue of turnover intention from the perspectives of intra-organizational factors in conjunction with employees' job practice area. These are the impetuses for this study and we hope that the findings will help fill this crucial knowledge gap.

The rest of the paper is organized as follows. Section 2 provides the theoretical foundation of the study. Section 3 presents the research model and hypotheses. Section 4 describes the research methodology. Section 5 presents the analyses and results, followed by discussions, limitations, and future direction in Section 6.

THEORETICAL FOUNDATION

A. Turnover Intention

Turnover is defined as the rate at which employees voluntarily resign from their position in the organization (Bernardin, 2003). Turnover intention (i.e., intention to leave) has been widely studied in the organizational sciences over the past half century. The theory of reasoned action (TRA) developed by Fishbein and Ajzen (1975) posits that behavior is a result of behavioral intention. Turnover behavior is, thus, a result of turnover intention. Researchers have identified turnover intention as the immediate precursor for turnover behavior (e.g., Mobley, Horner and Hollingsworth, 1978; Tett and Meyer, 1993). In this study, we use turnover intention as the dependent variable. Since turnover intention leads to actual turnover, the use of turnover intention as the dependent variable is appropriate (Shore and Martin, 1989). Some studies (e.g., Bluedorn, 1982; Price and Mueller, 1981) suggest that turnover intention be used over turnover behavior because many external factors affect turnover behavior, making the prediction of actual turnover more difficult than intention.

B. Factors Affecting Turnover Intention

Various theories have been developed and utilized to explain the nature of and predict turnover intention. For example, March and Simon (1958) developed the organizational equilibrium theory, which posits that employees intend to leave an organization when they perceive that there is an imbalance between what they contribute to the organization and what they receive in return. There are two factors that influence the equilibrium – desire to move, which is a function of employees' satisfaction with their work environment; and ease of movement, which is influenced by macro and individual level factors that determine employment conditions. Porter and Steers (1973) developed the Met Expectations Theory based on the Equilibrium Theory, and propose that "the discrepancy between what a person encounters on the job in the way of positive and negative experiences and what he expected to encounter" plays a critical role in whether he/she intends to

leave the organization. The Met Expectation Theory forms the foundation of this study in that it helps identify an organization's internal skills, expertise and work-based factors that explain the discrepancy between what an employee expects of and what s/he experiences in the organization. This study defines the finesse factor to embody an organization's soft supports such skills, expertise and intelligence of the supervisor that move subordinates forward with enthusiasm, and the firm factor to encompass the work-based factors such as clarity of work assignments, availability of materials and resources, ergonomics, etc.

RESEARCH MODEL AND HYPOTHESIS

We propose and validate the research model presented in Figure 1. The research model is primarily based on the Met Expectations Theory (Porter and Steers, 1973), which states that the key determinants of turnover intention arise from the discrepancy between what employees expect to encounter and what they actually encounter on the job in the form of positive and negative experiences. The set of expectations can take various forms. This study examines two sets of expectations – finesse factor and firm factor – that influence turnover intention. In addition, we also propose that employee job practice area plays a role in predicting employees' intention to leave.
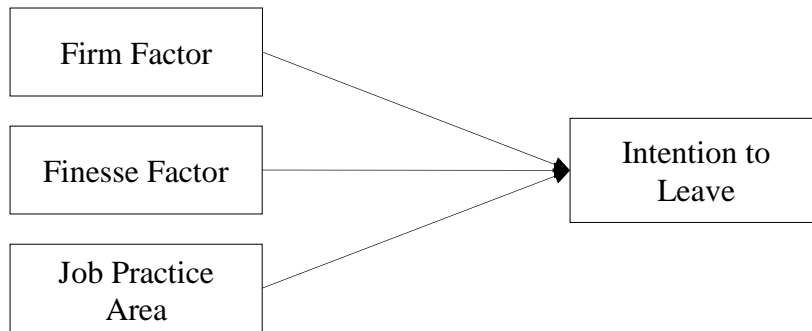

Fig 1. Research Model

Finesse Factor: The finesse factor measures the technical expertise, cognitive skills, and emotional intelligence of the supervisor that help facilitate smooth working relationships among subordinates and team members (Gaillour, 2004). Gaillour (2004) suggests that the supervisor's finesse embodies his ability to inspire and coach others to move forward with enthusiasm and to effectively communicate and listen to others. This leads to the proposition that employees' perception about their supervisor's finesse has an impact on their intention to either leave or stay with the organization. If employees perceive supervisor's finesse positively, they are likely to stay with the organization; and vice versa. Thus, the following hypothesis can be postulated:

H1: There is a negative relationship between employees' positively perceiving their organization's finesse factor and their intention to leave.

Firm Factor: The firm factor includes work-based factors that provide employees with clarity of work assignments, required resources and materials, and opportunity to learn and utilize their skills, knowledge and abilities at work. Thus, the firm factor includes ergonomics, the availability of material and resource to complete one's task, and a proper understanding of one's responsibilities. Govaerts et al. (2010) found that the opportunity for employees to learn is a key determinant in their willingness to stay with their employer. They found that "letting people learn more and do more of what they are good at will encourage them to stay with the organization" (p. 35). Lin and Rashid (2010) found that role ambiguity has the most adverse influence on employee retention. This suggests that role clarity, i.e., the fact that the employee knows what is expected of him/her at work, would have a positive impact on employee retention. Thus, we propose the following hypothesis:

H2: There is a negative relationship between employees' positively perceiving their organization's firm factor and their intention to leave.

Job Practice Area: The term job practice area refers to employees' primary, formal areas of expertise such as engineering, architecture, finance, banking, etc. Thompson and Terpening (1983) suggest that job practice area acts as a moderating factor affecting the intention to leave. We argue that job practice area is independent of both the finesse and firm factors, and thus acts as an antecedent to turnover intention. As such, we formulate the following hypothesis:

H3: There is a relationship between employees' job practice area and their intention to leave an organization.

METHODOLOGY

A survey method was used to collect data for this study. The data have been collected from a multinational company with many job practice areas. In this study, we examined six job practice areas, namely, architecture, building engineering, environmental management, mining, survey/geomatics, and urban land engineering. The questionnaire comprised of 15 questions measuring the independent and dependent variables. The first set of questions was related to the supervisor exhibiting constructive feedback skills, managerial competence, professional development counseling skills, listening skills. The next set of questions was related to the learning and growth opportunity given to the employee, the opportunities for him/her to utilize his/her skills and knowledge, the material and equipment availability, the work physical environment. Finally, there were questions on the employee satisfaction with current job, whether the employee would

be recommending a friend to the company and the possibility for the employee of leaving within the company within the 12 months.

RESULTS AND ANALYSES

The data were initially factor analyzed to identify the relevant factors. The factor analysis of the independent measures resulted in two factors, with items loading into factors as expected based on theory. The factor analysis of the dependent measures resulted in one factor. All factors had adequate levels of reliability, convergent validity and discriminant validity. Composite score was then computed or each factor. The multiple regression analysis was used to test the proposed hypotheses. The proposed research model (Figure 1) in this study has one dependent variable (i.e., Intention to Leave) and three independent variables (i.e., Firm Factor, Finesse Factor, and Job Type). Summated scores were used to obtain the scores for the dependent measure and two independent measures – Firm Factor and Finesse Factor. The third independent measure – Job Type – represents a dummy variable. The survey was administered to employees in six job areas, namely, architecture, building engineering, environmental management, mining, survey/geomatics, and urban land engineering. We test hypothesis H3 by examining whether employees' association to these job areas significantly affects their intention to leave. For regression analysis, we used employees' association to architecture as the reference group and dummy coded their associations to building engineering, environmental management, mining, survey/geomatics and urban land engineering as BLDG, ENV, MIN, SGEO and ULE, respectively. The variables used in the regression analysis were as follows: LEAV as the dependent variable, and FIRM, FINN, BLDG, ENV, MIN, SGEO and ULE as independent variables. Table 1 shows the results of multiple regression analysis.

Predictors	Unstd Beta Coeff.	Std Beta Coeff.	t-Stat	p-Value	VIF	Hypothesis	Supported?
FIRM	-0.631	-0.461	-19.987	0.000	1.514	H_1	Yes
FINN	-0.344	-0.306	-13.387	0.000	1.481	H_2	Yes
BLDG	0.149	0.056	2.590	0.010	1.320		
ENV	0.157	0.085	3.582	0.000	1.587		
MIN	0.254	0.075	3.662	0.000	1.203	H_3	Yes
SGEO	0.276	0.088	4.206	0.000	1.237		
ULE	0.178	0.081	3.565	0.000	1.459		
R = 0.686 R^2 = 0.471 Adjusted R^2 = 0.469				F-Stat = 191.228 (df: $v_1 = 7$, $v_2 = 1503$) p-Value = 0.000				

Table 1: Regression Analysis Predicting Employee Intention to Leave

The results of multiple regression analysis (Table 1) show that FIRM, FINN, BLDG, ENV, MIN, SGEO, and ULE are significant predictors of LEAV. These findings support all three hypotheses (H1, H2 and H3), suggesting that the firm factor, finesse factor, and job type play significant role in predicting employee intention to leave.

DISCUSSIONS, LIMITATIONS, AND FUTURE DIRECTION

The objective of this study was to explore the intra-organizational factors and the employees' job practice area affecting the turnover intention. As suggested by the extant literature, we posited that there are two intra-organizational factors, namely, the Firm Factor and the Finesse Factor, that affect the turnover intention. We also posited that employees' job practice area has an influence on their intention to leave an organization. The findings suggest that both the intra-organizational factors and employees' job practice area are significantly in predicting the turnover intention.

As hypothesized, both intra-organizational factors were found to have significant influence on employee turnover intention. The items measuring these factors provided respondents with positive statements such as the supervisor's inspiration to do their best work, and the availability of materials and equipment to complete their work assignments. Responses to these items were measured using a 5 point Likert scale anchored between (1) strongly disagree and (5) strongly agree. However, responses to the items measuring turnover intention were captured using a 5 point Likert scale anchored in opposite order. The results indicate that there is a negative relationship between the intra-organizational factors and turnover intention. This implies that the more positively the employees perceive the intra-organizational factors (i.e., the firm and finesse factors) in an organization, the lower their intention to leave the organization.

Also as hypothesized, employee job practice area was found to have significant influence in predicting turnover intention. We found that employees' associations to various job practice areas have differing significant impact on their intention to leave an organization. For example, employees with job practice area as building engineering, environmental management, mining, survey/geomatics, or urban land engineering have differing degrees of intention to leave the organization compared to architecture.

There are a number of limitations of this study. The research model presented in this study is based on the review of prior literature. However, this study does not claim that a comprehensive, exhaustive list of factors has been identified. Also, this study considered only six job practice areas. Future studies can extend the model by incorporating constructs and other job practice areas that can supplement the model.

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