The Approaches to Increase Employees’ Loyalty: A Review on Employees’ Turnover Models

Choi Sang Long, Musibau Akintunde Ajagbe, Khalil Md Nor and Ebi Shahrin Suleiman

Faculty of Management and Human Resource Development, Universiti Teknologi Malaysia, 81310 Johor Bahru - Malaysia

Abstract: It is a widely acknowledged fact that retaining organizational employees is a critical challenge to many human resource managers, however, this relationship is said to be an important mechanisms through which socialization tactics influence commitment and turnover. From a managerial perspective, the attraction and retention of high-quality employees is more important today than ever before. A numbers of trends make it vital that firms acquire and retain human capital as it is known in human resource that turnover is the rate at which an employer gains and misplaces employees or how long employees tend to stay. Authors have pointed out that turnover is one of the most researched phenomenon in organizational behavior. Issues they need to consider may be in the areas of shrinking pool of entry-level workers, individual differences, use of temporary workers, productivity and competitiveness, retirement benefits and skills development. As it is typical for most studies on turnover, the focus is mainly on members leaving rather than entering the organization. High turnover is harmful to a company’s productivity if it involves skilled workers. Organizations are increasingly concerned about their capability to retain their key employees such as high performer and employees who make an important contribution to stimulate organization’s innovative behavior. Consequent upon this, this research seeks to review some of the past models with a view to understanding the trend and proffer recommendations to organizational policy makers in both public and private organizations.

Key words: Employee Retention, Employee Turnover, Job Satisfaction, Performance Management, Turnover Models.

INTRODUCTION

The attraction and retention of high-quality employees is more important today than ever before. A numbers of trends (globalization, increase in knowledge work, accelerating rate of technological advancement) make it vital that firms acquire and retain human capital. In human resources context, turnover can be viewed as the rate at which an employer gains and misplaces employees or how long employees tend to stay in a particular organization. Turnover is measured for individual companies and for their industry as a whole. Authors such as (Price, 2001; Long et al., 2012) have pointed out that turnover is one of the most researched phenomenon in organizational behavior. As it is typical for most studies on turnover, the focus is mainly on members leaving rather than entering the organization. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company’s productivity if skilled workers are often leaving and the worker population contains a high percentage of notice workers (Long et al., 2012). Organizations are increasingly concerned about their capability to retain their key employees such as high performer and employees who make an important contribution to stimulate organization’s innovative behavior. Boyar et al. (2012) reported that the competition for highly trained IT employees will likely impact employee mobility and increase the opportunity to change jobs within India and globally. They emphasized that about 80 percent of Indian employees are open to switching jobs in the next six months (Mohandas, 2010). Voluntary employee turnover has long been an important topic for the IT workforce. In fact, in some technology based firms there is a serious problem with employee retention (Aylin and Webber, 2000), such that many technical employees plan to leave their jobs after 12 months; when the time is up, they often quit, confident that they can find something else whenever they want (Mitchell et al., 2001). Therefore, it is essential that organizations understand the reasons why employees leave their organization. Most of the researches’ attention is focus on voluntary turnover since much of the turnover is voluntary and subject to control by managers (Morrell et al., 2001; Price, 2001). A wide range of causes have been found useful as it interprets that a high amount of voluntary turnover adversely effects organizational effectiveness. Another important characteristic for the organizational concern is the avoid ability of the voluntary turnover. However there are other authors that have associated turnover with a negative impact on organizational effectiveness (Dalton et al., 1981), who’s modified prospective shows that turnover
can also be beneficial for an organization. That is because functional turnover would be the replacement of unproductive employees with productive ones, whereas dysfunctional turnover would be interpreted as loosing productive employees.

Over the years, there have been many research articles exploring the various aspects of turnover, and thus several models of employee turnover have been promulgated. Consequent upon this, this research seeks to review some of the past models with a view to understanding the trend and proffer recommendations to organizational policy makers in both public and private organizations.

**Literature Review of Turnover Models:**

In considering the broader employee turnover literature, one is struck by the fact that there have been over 1,500 studies (Holtom et al., 2006) and several meta-analyses conducted focusing on the predictors or antecedents of turnover (Cotton and Tuttle, 1986; Griffeth and Hom, 2001). This is not surprising when one considers the costs of turnover in terms of hiring, training, and productivity loss, and can add up to more than 5 percent of an organization’s operating expenses (Waldman et al., 2004). Employee turnover results in multiple direct and indirect costs, tangible and intangible costs, and a loss of social capital, which may be critical to organizational success (Holtom et al., 2006). Along with uncovering predictors, researchers have modeled numerous situational and individual determinants of the process of turnover (Lee and Mitchell, 1994; Niederman et al., 2007). Despite this enormous research interest many models and empirical studies have tended to focus on a narrow range of predictors, traceable to March and Simon’s (1958) factors – desirability and ease of movement. More recently, the scope of these antecedents to voluntarily leaving an organization has been expanded in the categories of antecedents considered (Maertz and Griffeth, 2004; Mitchell et al., 2001) and in the mode of studying antecedents as reasons rather than as attitudinal predictors (Westaby, 2005). In this study, only 8 models are chosen for review.

**March And Simon’s Model:**

March and Simon (1958) framework is used on many studies of voluntary turnover. These model can be traced back to Barnard-Simon’s theory where they argued that all employees are confronted with decisions through their interactions with their company (Mano, 1994). So that, “decision to participate with the key variable like “desirability and ease of movement in and out of the organization” is a special concern in this study (Bowen and Siehl, 1997). In view of that decision ability, this theory further specifies that employee’s decision to resign is caused by two factors such as; perceived ease of movement and perceived desirability of movement. Perceived ease of movement however, refers to the assessment of perceived alternatives or opportunities while perceived desirability of movement is influenced for instance by job satisfaction (Morrell et al., 2001; Samad and Yusuf, 2012). It was however found that, when inducements are increased by the company, this will lower the tendency of the workers to leave and vice versa (Morrell et al., 2001). In this model, the possibility of internal turnover is considered beforehand before deciding on external turnover. Figure 1 shows a simplified version of March and Simon model as explained in the literature.

![Fig. 1: Simplified version of March and Simon (1958) model.](image-url)
Limitations and Recommendations:

Authors report that certain limitations hinder the ability to recommend March and Simon’s model to be used in describing the turnover process. The model only presents a static rather than a procedural view of turnover. They also fail to include important variables that influence the turnover process, such as role stress or different forms of organizational commitment (Morrell et al., 2001; Allen and Shannock, 2012). In addition, some theories asserted that March and Simon’s model has excessively influenced further studies about employee turnover and their success may constrain other aspects of the study. Hence, it is impossible for us to understand how this model is related to organizational commitment and influence the turnover process (Holtom et al., 2006). More evidence was provided why this model cannot be used to describe the turnover process. This is because the model did not include the important variables that are able to influence the turnover process such as role stress or different forms of organizational commitment (Morrell et al., 2001; Allen and Shannock, 2012) and therefore difficult to estimate the degree of influence organizational commitment has on the turnover process. Considering the foregoing, it is pertinent to recommend the role stress or some forms of organizational commitment to be utilize as a means to understand the level of relationship between organizational commitment and its influence on the turnover process.

Porter and Steers (1973) Met Expectations Model:

Porter-Steers Met Expectations Hypothesis is the modification of Vroom’s Expectancy theory. Porter and Steers described 3 common denominators that characterize motivation. The three denominators are: a) what energizes human behavior; b) what directs or channels such behavior; and c) how this behavior is maintained and sustained. They view that the basic building blocks of a model of motivation include needs or expectations, behavior, goals, and some form of feedback. The concept of met expectations is described as the “discrepancy between what a person encounters on this job in form of positive and negative experiences and what he expects to encounter” (Porter and Steers, 1973). Under this hypothesis, when an individual’s expectations-whatever they are, are not met, his propensity to withdraw would increase. They also argued that the extent of job satisfaction reflected the cumulative level of met worker expectations. Vroom’s expectancy theory is related to motivation and motivation theory has been studied for many years and there are many theories and definitions of motivation. Vroom defined expectancy as a “momentary belief concerning the likelihood that a particular act will be followed by a particular outcome”. So, Vroom’s Expectancy theory can be used to predict the extent of job satisfaction (Samad and Yusuf, 2012). Aligning with Vroom’s theory, the Porter-Steers Met Expectations Hypothesis was modified and developed (Banks, 2007). Figure 2 presents the internal factors of expectancy as proposed by Porter and Steers (1973).

![Fig. 2: Internal factors of Expectancy (Porter and Stress, 1973).](image-url)
Limitations and Recommendations:
The Porter and Steers Met Expectations Hypothesis focused on single antecedent to turnover. It does not identify the potential moderating effects on turnover decisions. Therefore, turnover model that focused on multi antecedents should be included rather than just focused on internal factor solely.

Price (2001) Causal Model of Turnover:
Since four decades to the present times, authors such as James Price, Charles Muller, and others have developed models that specified the determinants of voluntary and work organizations after conducting 33 studies. The Causal Model of turnover (Price, 2001) is a short reflection on the determinants of employees’ voluntary turnover. Price separated the causal factors into exogenous variables and intervening endogenous variables. Exogenous variables of the model are further divided into environment, individual and structural labels. Whereas, the intervening variables are considered as endogenous variables. Environment variables represent constraints on intent to stay resulting from non-work settings. Opportunity is the availability of alternative jobs in career environment (Price, 2001; Boyar et al., 2012). It has been found to have a direct positive relationship to turnover intention. In others words, increased opportunity lead to more turnover intention as greater awareness of employee on alternative jobs available in their job fields. Employees will then evaluate the costs, risks and benefits of the alternative jobs. When the alternative job provided better benefit than their current jobs, this may produce greater job dissatisfaction of employees, hence a trigger to quit their current job. The second environment variable is kinship responsibility which is obligations toward relatives living within the local community (Boyar et al., 2012). Kinship responsibility has been found to have a direct negative relationship to turnover. When relatives living nearby employee working place, this may produce a sense of obligation in employees and this obligations can be easily fulfilled by continue stay with their current job. Thereby decrease the employees’ turnover intention (Hom and Griffeth, 1991; Allen and Shannock, 2012; Samad and Yusuf, 2012). Price has posited four individual exogenous variables that have direct impact on turnover intention: general training, job involvement, positive affectivity and negative affectivity. General training has a significant positive relationship to turnover intention. Price and Mueller believed that increased general training produces a greater amount of turnover. In Figure 3, present the causal model of turnover according to James Price.

![Fig. 3: Modified Causal Model of Turnover (Price, 2001).](image-url)
**Limitations and Recommendations:**

However there are some limitations of Price (2001) turnover model. For example, this model ignored the process and influence of intervening and moderating variable, narrowness and homogeneity of study populations, fail to detect different behavior of part-time versus full time employees, and lack of longitudinal research on the collected data (Goodman, 2007). Therefore, a more predictable turnover model should include those criteria that are listed above besides exogenous and endogenous variables that are included in Price turnover model.

**Mobley (1977) Intermediate Linkages Model:**

Mobley (1977) pioneered an extensive schematic explanation for the psychological turnover process. Mobley’s model is based on several former preceding studies such as March and Simon’s theory about ease and desirability of work concept and Porter and Steer’s model of met-expectation and intent to leave. This model is heuristic instead of descriptive.

Theoretical model proposed by Mobley stated that the prime mechanism for translating dissatisfaction into actual turnover is based on 3 turnover cognitions as followed:

1. Thinking of quitting – An employee considers leaving the organization
2. Intention to search – An employee decides to go about looking for a job outside the organization
3. Intention to quit – An employee decides to leave the organization at some unspecified point in the future

According to Mobley’s theory, withdrawal behavior is a branch of decision process linked in a sequence of cognitive stages starting with the process of evaluating the existent job followed by emotional state of satisfaction or dissatisfaction (Mobley et al., 1979; Thwala et al., 2012; Abdullah et al., 2012; Abdullah et al., 2011). Only then the dissatisfaction will initiate the thought of quitting. The steps in Figure 4 would be followed to evaluate the benefits and costs of quitting and giving birth to the intention to search for alternatives. Only when the search for alternatives and evaluation of the alternatives and further compare with the present job will staffs then develop the intention to quit. Lastly, that person will either quit or stay.

**Fig. 4:** Mobley’s Intermediate Linkage Model (1977).
Limitations and Recommendations:

The limitation of Mobley’s Model is that it serves only as a preliminary model for the development of the later models. By that time, Mobley’s (1977) Model only includes the linkages of turnover process by individual’s intentions and does not incorporate turnover factors from job satisfaction facets as well as factors from organizational commitment (Allen and Shannock, 2012; Samad and Yusuf, 2012). However subsequent improvements on the model are later made to further extend Mobley’s model by including other variables such as organizational commitment and other examined factors that affect job satisfaction more precisely in Price and Mueller.

Sheridan and Abelson (1983) Cusp Catastrophe Model of Turnover:

This model provides a linearity of the assumed relationships between job satisfaction, job tension, organizational commitment and actual employee turnover (Holtom et al., 2006; Mitchel and Lee, 2001; Messersmith, 2007). It has 3 main characteristics. First, this model characterizes that withdrawal behavior is a discontinuous and dynamic process triggered by abrupt changes, showing a provocative divergence from traditional view of Mobley’s turnover process. However, it is also stated that in this model, delay rule is applied whereby employees will attempt to retain employment in the organization as long as possible. Instead of following the Intermediate Linkages Model, according to the Cusp Model, withdrawal is believed to be controlled by two factors: a splitting factor and an attractor. Example of splitting factor is job tension whilst attractor is refers to organizational commitment (Thurau, 2000; Thwala et al., 2012).

Further explanation of the splitting factor explained that job tension consists of 3 parts, namely role conflict, role ambiguity, and role accuracy. Role conflict can be defined as the discrepancy and gap between external customer and internal customer and the products or services the employee is able to deliver. Role ambiguity means that employee is uncertain how the job should be performed or how a person is evaluated and how rewards are distributed. Lastly, role accuracy means the perception accuracy of what their supervisors expect from them (Thurau, 2000). As for the attractor here, organizational commitment includes group cohesion, such as the congeniality and co-operation of co-workers (Thurau, 2000). Positive organizational commitment is called affective commitment (Allen and Shannock, 2012; Samad and Yusuf, 2012). Factors affecting organizational commitment would in turn have to rely on job satisfaction factors in an organization which means that when continuous commitment becomes straining, it will trigger turnover intention (George and Jones, 2012). The Figure 5 below indicates the factors affecting the Cusp Model of Turnover at the level of external and internal marketing, which means the main focuses would be on job tension and organizational commitment.

Fig. 5: Factors affecting Cusp Model of Turnover at the level of Internal Marketing (Thurau, 2000).

Limitations and Recommendations:

The limitations of this model are that it presents an understanding that organizational behavior are too qualitative and predicting the behavior of even the simplest complex systems still remain a difficult challenge. Also, this model is too complex and failed to describe the complex system where there are too many significant
variables. It is highly unlikely to predict every face of behavior of very complex organization systems. Cusp Catastrophe Model can perhaps be simplified to a simpler version whereby it is easily understandable by just looking at the factors proposed.

**An Integrated Process Model (Jackofsky, 1984):**

Integrated process model was one of the turnover models which had been published by Ellen F. Jackofsky, where some of the basic concepts in this model can be traced back to March and Simon’s model (1958) which consisted of desirability and ease of movements. In the basic model, ease of movement was referred to as the opportunities and alternatives provided by other organizations or extra-organizational factors such as good labor market conditions. Whereas, the desirability of movement was implied to be the employee’s job satisfaction and for this mostly referred to possible intra-organizational factors (Abdullah et al., 2011; Abdullah et al., 2012; Thwala et al., 2012). These two movements were considered as main factors which would stimulate the intention of employees to leave the organization voluntarily. However, there were some inadequacies in this basic model as other important factors, for instance job performance was unsuccessfully evaluated and that fully triggered the turnover process. Therefore, further studies as seen in Figure 6 have been carried out (Jackofsky, 1984) by integrating the effects of job performance into the basic voluntary turnover model with several hypotheses which resulted in involuntary and voluntary turnover.

![Fig. 6: Basic Model of Voluntary Turnover (Jackofsky, 1984).](image)

According to the studies of Jackofsky (1984), organizational characterizations consist of incentives salience, structure of given tasks, and leader’s behavior whereas personal characterizations were included as individual level of ability and self-esteem, which also called individual differences. Without doubt, incentives salience was positively related to job performance (Solomon et al., 2012; Abdullah et al., 2011). Basically, skillful employees would be rewarded with incentives such as higher bonus, year-end travelling vouchers and others compared to those poorly performed employees. Those rewards would definitely boost their contribution in their organization; however, this factor would also expect to be negatively related or unrelated to job performance as high performers might also receive better job alternatives from other organization and leave to join competitor (Rosse, 1987; Solomon et al., 2012; Abdullah et al., 2011).

**Limitations and Recommendations:**

Obviously, the relationship between job performance and turnover intention is vital to determine the consequences of employee quitting not minding whether it is positively or negatively related. Potential determinants and job performance were predicted to be highly interacting in this model. However, turnover intention which had been surveyed through job performance by relating to other job determinants is still inadequacy to construe an organization’s turnover intention without considering other factors like individual factors and extra-organizational factors.

**Mitchell & Lee (2001) - Job Embeddedness Model:**

Lee and Mitchell’s (1994) unfolding model of turnover is based on Beach’s 1990 theory of generic decision making, termed image theory. Image theory suggests that individual screen and interprets information as they
evaluate options. As the individual quick screens information, then the person assesses the extent to which the information aligns with personnel images of value, trajectory and tactics. Screening is based exclusively on violation of fit which means assessing the extent to which the surrounding environment matches a personnel value structure and hence these three images serve as the criteria (Mitchell and Lee, 2001). The screening process generally begins with some distinguishable event. The event causes a person to pause and think about the meaning or implication the event has relative to his or her job. As a result, individuals will subsequently consider whether there are other alternative when they think that leaving is an alternative worth considering. As mentioned earlier, Lee and Mitchell (1994) ended that the turnover process begins with individuals scanning for significant events. Currently, people always ask themselves whether the job provides the financial benefits or compensation they desired. If their demands are not fulfilled, level of job dissatisfaction grows and triggering the need to search for and evaluate job alternatives (Mitchell and Lee, 2001; Holtom et al., 2006; Allen and Shannock, 2012). Even if the individual has searched for another position or have a job offer, he or she still needs to decide whether to actually voluntarily leave or to stay in current position. Furthermore, these psychological processes suggested that there were five theoretical decision paths that individual usually follow to interpret their work environment, identify decision options and enact his response. The first path represents individuals experience a shock but do not have an existing plan of action or search for alternatives. The second path occurs when individuals experience a shock that is perceived to be a violation of personnel beliefs or images. The third path characterizes the individuals are more deliberate in their decisions to leave. The unfolding model also suggested that individual follow certain path and may still choose to leave without experiencing shock or triggering event but did have a low level of job satisfaction.

Fig. 7: Theorized paths for Job Folding or Embeddedness Model (Mitchell and Lee, 2001).

Limitations and Recommendations:
The model of (Lee and Mitchell, 1994; Mitchell and Lee, 2001) both in terms of theoretical hypothesis and empirical research recommend that job coupling plays a role equivalent to that of job satisfaction and organizational commitment, and act as a more decisive mediator variable directly leading to employees’ voluntary turnover under certain conditions. However, traditional attitude model ignores the position of this type of influencing factors. Besides that, multi-routes job-coupling model may provide more advantages for interpreting the actual turnover behaviors and be of practical significance to expand the field of organizational behavior. Job-coupling as a new variable which is introduced into the traditional model and is defended in two dimensions, it being known as “on-job-coupling” and “off-job-coupling”. The key structure variables of job-coupling are basically described thus; linkage, fitness and sacrifice. Lee and Mitchell (1994) put forward and improved the “unwrapped job coupling model” of voluntary turnover for employees’ retention by combining social background on the angle of turnover decisions and multi-route analysis. Researchers discovered that the effects of job-coupling on employees’ retention or voluntary turnover are more significant than job satisfaction and organizational commitment (Mitchell and Lee, 2001).

Improved Model of Employee Turnover:
The Integrated Mediated Multi-Routes Model:

Fig. 8: The Integrated Mediated Multi-routes Model. Adapted from (Allen and Griffeth, 2003).
Allen and Griffeth (2003), based on their study of the influence of employees’ performance level to their voluntary turnover, summarized their findings into three categories. These were developed from classic organizational equilibrium theory (March and Simon, 1958), and media chain process theory on turnover, then put forward a comparatively complete integrating research model for discussing the relation between employees’ performance level and their withdraw tendency, and also voluntary turnover (Messersmith, 2007; Hom and Griffeth, 1991). Therefore, the proposed model consists of three analytical routes as follows: first, is employees’ performance character in organizations will influence their job satisfaction and organization commitment; secondly, employees’ performance character will influence their turnover behaviors through movement in the labor market with a definitive variable of apperceived mobility easiness; and the third concerns the different key degrees of employees’ performance in organizations influencing their turnover behavior in a more direct way, so-called “short-circuiting” (Mobley et al., 1979; Lee and Mitchell, 1994; Mitchell and Lee, 2001). This somewhat is the improved model compare to the earlier ones.

Conclusion:
The paper differentiates and has actually categorized all types of turnover models and tries to associate each of them with the employees’ job satisfaction and organizational commitment. To instill loyalty and for employees to share their intellectual capital, organizations must find ways to engage them. Retaining talent is a major challenge for companies, especially during a growth boom, when employee recruiting between companies is commonplace. The reviewed models capture important avenues for attracting and retaining employees in the dynamic and current work environment. The results of our study show the major reasons for turnover both at an individual and organizational level, which includes managerial support, job content, and work-related stress; each impacts the decision to leave the organization. Therefore, increasing the level of managerial support provided to employees, providing advancement opportunities, creating a challenging, yet less stressful work environment may all help to decrease employees’ thoughts of leaving. Companies in emerging markets seek to motivate and retain their most talented employees, identifying critical individual and organization factors that impact intentions to leave will undoubtedly continue as an important area that impacts organizational success. We encourage human capital managers in organizations as well as researchers to enhance their understanding of the underlying factors affecting attrition in the companies and keeping in mind that the condition of service of the employee is among the significant factors that determine whether an employee stays or leaves an organization. Although our study makes an important contribution, there are several limitations that should be noted. First, this study only reviewed just 8 models of the numerous turnover models available to date. It is imperative that future studies focus on more on all the models that have been proposed to date so as to have a complete grasp of the findings of the turnover intentions of employees through the models and understand areas of concern for decision makers to make effective retention policies.

REFERENCES


