

Quality of Information as Predictors of Employer Turnover Intentions: A Study of Information Technology Industry

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Abstract: This paper tries to develop an empirical model for the turnover intentions of employees post-selection in information technology (IT) industry. Unlike previous studies, the present paper analyzes from the candidates' points of view rather than the employers'. The findings of the study posit that information provided to the candidates during/before the selection process in IT industry impacts post-selection turnover intentions in a big way. The study investigates the impact of quality of information with reference to its amount, importance, accuracy, depth and source credibility on post-selection turnover intentions of employees. Findings of the study indicate that these elements do have an influence on turnover intentions post-selection. Organizations, should, therefore, go for a thorough quality check of the information they provide to the prospective employees to arrest employee turnover, which has been taking a big toll on human resources of an organization.

Keywords: Quality of information, prospective employees, post-selection, turnover intentions.

I. INTRODUCTION

Forbes estimates that employee turnover rate in Indian industrial scenario lie in the range of 20 to 30 % and this figure is as large as 50% for the expanding IT industry with a market size of 154 billion USD (NASSCOM) during FY17. As good industrial progress gives a major push to growth potential of Indian economy, such a high rate of employee turnover should be a bane for employers. Recruitment and training are always cost-incurring activities for an organization and, therefore, employee turnover becomes pinching in addition to being a toll on intellectual resources. Howsoever fleeting the stay of an employee may be, the opportunity cost of not hiring a right candidate who could have stuck to the company for a long time, if hired in lieu of, is by no means quantifiable. It is, therefore, very important to make sure that employee turnover is kept under control. But the problem has no single reason; there are a number of reasons that lead to the problem of employees' post-selection turnover intention. It is, therefore, a pre-requisite that causes of employee turnover intentions are thoroughly understood to put a halt to it.

This paper contemplates to understand how job information given to prospective employees prior to the selection process influences their turnover intention with a special reference to the Indian IT industry. The study bears a lot of importance and is a departure in its approach to the problem in that it takes into consideration the candidates' points of view.

II. LITERATURE REVIEW

A large body of literature exists in connection with the causes of turnover intentions of employee (Mobley, 1982, Mowday et al, 1982). Previous researchers have examined the association between employee turnover and its causes such as the period of stay in the company, age of the employee, intelligence, job interests, aptitude, personality, academic qualifications and biographical parameters (Cascio, 1976; Muchinsky and Morrow, 1980). These studies have attributed employee

turnover to dissatisfaction with various aspects of the job (Ford et al, 1975; Kraut, 1975; Futrell and Parasuraman, 1984; Johnston et al, 1987), dissatisfaction with compensation (Porter and Steers, 1973; Motowidlo, 1983), improper and not-so-optimistic way of presentation (Seligman and Schulman, 1986), performance (Futrell and Parasuraman, 1984; Johnston et al, 1988), etc. Investigations have also been conducted with respect to role conflict including person-job correspondence (Gottfredsen and Lipstein, 1975) and occupation-role integration (Gowler and Legge, 1975).

Although a large amount of literature exists about turnover of employees, relatively little research has been done to study the turnover problem from the prospective employees' perspective, especially in India as Indian workforce holds good prospects of shaping world economy in the coming years for having the largest chunk of its population in the working age group. Parasuraman and Futrell (1983) have found that there is a negative relation between employee's experience and age and turnover intentions. Conversely, employees having more academic qualifications, have a direct relationship with job hopping intentions. Most of other studies relating to employee turnover intentions have likewise examined the relationships between turnover intentions and other variables such as job tenure, satisfaction, performance, etc from the viewpoint of employees after joining the organization rather than before being selected for the organization. The purpose of this study was primarily from the perspective of the organization hiring a candidate for a position rather than to look at situations from the viewpoint of a prospective employee choosing the organization.

However, recently, there has been a growing interest among researchers in psychology and organizational behavior in analyzing the impact of information provided to the candidates on their perceptions, attitudes, and behaviour (Farr et al, 1973; Wanous 1975; Colarelli, 1984; Dean and Wanous, 1984; Premack and Wanous, 1985; Suszko and Breugh, 1986).

Though the practice of providing reliable information about the job to candidates has not always been found to have positive impact, it has, in general, been shown to enhance job satisfaction (Wanous, 1980) and to decrease voluntary turnover intentions (Reilly et al, 1981).

Pre-selection information to job candidates is assumed to result in greater job satisfaction thereby leading to lower turnover rates. Breugh (1983) reports from his studies that there are four different psychological processes which make the impact of pre-selection information on turnover effective. They are fulfilled expectations, coping ability, air of honesty and self-selection. As far as fulfilled expectations are concerned, exposure to information may give the job applicants a more genuine picture of the job. When their experience on the job matches their expectations, they are more likely to be satisfied and less likely to leave the organization. Pre-selection information also increases the new employee's ability to cope with the demands of the new job with the supposition that employees who are made aware of the difficulties to be faced on the job are better able to face up to them when they come up and are less likely to leave. The third argument that could be advanced in favour of the impact of the information is that they communicate the organization's philosophy of being honest to the applicants. Newly joined candidates will surely feel more committed to their decision to accept a job because they made the decision based on perceived honest representations. With regard to self-selection, he points out that realistic information about the jobs to be undertaken will not be perceived by all applicants as meeting their needs. Those who think their needs will not be taken care of will in all likelihood withdraw from the selection process while others, perceiving that their need will be met, will accept a job offer.

A meta-analysis of 21 studies conducted in 1985 supports Breugh's theories that pre-selection information reduces the new entrant's expectations about the job (Premack and Wanous, 1985). Although this finding in itself may not seem particularly noteworthy, an important objective of the information is to tune down the expectation so that the new employee doesn't become dissatisfied when the overly inflated expectations which remained unmet/unfulfilled. Because the information brings about a greater alignment between expectations and reality, they can have a significant impact on the reduction of early turnover and can lead to substantial employee-replacement cost savings (Wanous, 1989). In his most recent review of published studies to date, Wanous (1992) found that job survival increased in 11 of the 13 private sector experiments he reviewed. When comparing the survival rate for the experiment group to the control group in the 13 experiments, he found that pre-selection information resulted in an average gain in job survival of 12 percent. The survival rate ranged from no gain to an increase of 48 percent. A utility analysis of the effect of realistic job information on job survival indicated that the amount of replacement cost savings varies with the severity of an organization's turnover problem. Specifically, it was estimated that 12% could be saved for an organization with a 50% survival rate and 6% for one with an 80% survival rate (Premack and Wanous, 1985).

Hence, the present study was made to understand the effect of pre-selection information given to job candidates on turnover from the perspective of individual job candidates selecting the organization rather than organizations doing the other way round.

III. METHODS

Studies dealing with effect of pre-selection information on post-selection intention of employees to leave organizations have mostly been done using actual data through experimental research design (Dean & Wanous, 1984; Meglino et al, 1988). But considering practical difficulties in providing an ideal setting for conducting experimentation (Green and Tull, 1978), perceptions of the subjects of the study have been used in the present study. However, studies show that conclusions derived using perceptions match that using actual data.

Data for the present study were collected from a sample of 500 employees from Indian firms. While selecting the sample, it was made sure that the subjects of the study were less than one year old in their respective organizations, for as an employee's stay in the company increases, effect of pre-selection information on their intention to stay or leave in the post-selection period is likely to be gradually dying down. For employees who are older than one year, it may be the case that other factors assume greater importance for employee turnover that realistic job information. Each of the employees randomly selected for the study was given a self-reported questionnaire with complete information to assist in filling up of the questionnaires. The supervisors/managers of these employees were intimated before their participation in the survey to make sure that they do not harbour any fear about their participation in the survey. All necessary measures were taken to ensure that anonymity of their perceptions, which forms an important ingredient for research in social sciences. Out of a total of 500 questionnaires sent, 327 were returned, which satisfies the minimum response rate needed; it is 217 for a 95% confidence level with $\pm 5\%$ error (The Research Advisors, 2006). The questionnaire was pilot-tested with a small sample of 50 employees. The results indicate that each of the scales meets the adequacy level of 0.7 in terms of Cronbach's Alpha—a measure of internal consistency or reliability as advocated by Nunnally (1978).

IV. VARIABLES/MEASURES

The questionnaire for the study used five scales for measuring amount of information, importance of information, information depth, accuracy of information and information source credibility as independent variables and intention to leave as dependent variable. Likert-type scales were used for measuring perceptions of the subjects of the study in the above scales.

Amount of Information

Perceptions of the employees regarding amount of information provided before being selected by the organization were measured using a 4-item scale. Each of the items were anchored on five point scales with 1= strongly disagree and 5= strongly agree. Scale reliability was measured using Cronbach alpha (α) and it was 0.828, which is acceptable.

Importance of Information

How much information one has at hand is not always as helpful as how important the information is. Perceptions about information relevance were captured using a 5-item Likert-type scale. '1' stood for 'strongly disagree' and '5' for 'strongly agree'. Scale reliability was measured using Cronbach alpha (α) and it was 0.791, which is acceptable.

Information Depth

This measure takes into consideration subjects' perceptions of the degree of sufficiency of the information provided before being employed about the job they are expected to perform after joining the company. It points to the specific details of the

different aspects of the job. This scale contained six items and was anchored on 1= strongly disagree and 5= strongly agree. Scale reliability was measured using Cronbach alpha (α) and it was 0.784, which is acceptable.

Accuracy of Information

Perceptions of prospective job candidates about information provided to them are measured by a 4-item scale of the Likert-type with '1' standing for strongly disagree and '5' for strongly agree. Scale reliability was measured using Cronbach alpha (α) and it was 0.794, which is acceptable.

Information Source Credibility

Perceptions of the employees involved in the study about the credibility of the source of the information provided were measured by using this scale. 'Credibility' includes the accuracy, conscientiousness and amount of information the information provider has. This is seemingly an important parameter as in the absence of credibility, no amount of information received howsoever voluminous, relevant, deep and accurate will serve any meaningful purpose. Three items were used to measure this aspect using a five-point Likert-type scale 1= strongly disagree and 5= strongly agree. Scale

reliability was measured using Cronbach alpha (α) and it was well beyond the minimum acceptable value of 0.7.

Turnover

In order to measure employee turnover, one may use actual turnover or intention to leave but the later is amenable to simplicity of use and previous researches show that a very strong relationship exist between the actual turnover and intention to leave, which is perceptual (Mobley et al, 1979; Bluedorn, 1982; Mowday et al, 1984) and has been used in a number of studies (Busch and Bush, 1978; Busch, 1980; Bluedorn, 1982; Parasuraman and Futrell, 1983; Futrell and Parasuraman, 1984). Subjects' perception about intention to leave the organization has been measured by using a 3-item scale with a reliability of 0.818 expressed through Cronbach alpha (α) value.

V. RESULTS AND DISCUSSION

Table 1 presents correlations among all the variables. All correlation co-efficients of independent variables with the dependent variable are found to be significant at $p < 0.01$. Relevance of information was found to have a very strong negative correlation with employee turnover intentions.

Table 1: Correlation Matrix of Variables

Variables	Sufficiency	Relevance	Depth	Precision	Information Provider Credibility	Turnover
Amount	1.00					
Importance	0.90*	1.00				
Depth	0.75*	0.75*	1.00			
Accuracy	0.60*	0.64*	0.62*	1.00		
Source Credibility	0.71*	0.74*	0.72*	0.74*	1.00	
Turnover	-0.57*	-0.69*	-0.66*	-0.62*	-0.64*	1.00

* $p < 0.01$

Next in order comes depth of information provided to the prospective job candidates. Similarly, when prospective employees believed that the source of information was more

credible, he felt less dissatisfied with the firm and therefore the intention to leave the firm was also less.

Table 2: Co-linearity diagnostics results

Variables	Tolerance	VIF
Amount	0.938	1.042
Importance	0.928	1.092
Depth	0.938	1.091
Accuracy	0.921	1.042
Source credibility	0.917	1.069

Results for the co-linearity diagnostic test presented in table 2 show a tolerance value close to 1 and variance inflation factor (VIF) value less than 3.0, which reflects absence of co-linearity threat. Therefore, there is no significant interaction effect between the independent variables themselves. Hence, the regression results presented in table 3 could be accepted reliably.

Table 3: Results for Multiple Regression Analyses between Turnover and the Independent Variables

Variables	β
Amount	-0.06370
Importance	-0.34689*
Depth	-0.31505*
Accuracy	-0.34254*
Source credibility	-0.44802
R^2	0.5174
Overall F	29.643*

*p < 0.01

The above table presents the standardized regression coefficients for the each of the independent variables. The beta (β) values for amount, depth and accuracy of the information provided are significant. The predicted model is also significant and fits well with the data. The negative signs indicate that when employees perceive that they are provided with more relevant, deep and precise data about their job at the time of selection, they are less likely to have the intention to leave the organization. The value of R^2 was found to be 0.5174, which means that 51.74% of the variation in the dependent variable turnover is explained the independent variables under study.

Further, table 3 also reveals that the most important independent variable which accounts for employee turnover is relevance of information provided. Next in order come precision and depth of information in explaining employee turnover in an organization. However, quantity of information and credibility of information source do not significantly explain employees' intention to leave the organization.

The present study was conducted to have an understanding of how pre-selection information contributes to employees' intention to leave, especially from prospective job candidates' perspective. Though literature on employee turnover is flooded with studies that investigate the causes of turnover from organizational point of view, the present study belongs to a small amount of research done to understand the important problem from employee's standpoint. It sheds light on when a candidate for a job becomes dissatisfied with the organization and develops an intention to quit it.

The study clearly points to the fact that the pre-selection information provided to the job candidate is very important and it should be relevant, sufficient and precise (accurate) rather than voluminous (quantity of information). Hence, organization should not be content with mere providing of a large amount of information which may not serve any purpose. That is, while providing information to the prospective job candidates, every care should be taken to see that it is relevant, sufficient and accurate. Similarly, as the present study shows, credibility of information provider

does not matter a lot when compared to other components of pre-selection information.

VI. CONCLUSION

The present study would be providing a more valid understanding of the antecedents of employee turnover if complexity of the job, the amount of job information that the individual possesses at the time of being selected and labour market scenario were taken into consideration. Hence, these could be taken as limitations and more research needs to be carried out to address these issues in future.

However, this research forms a basic understanding of the fact that pre-entry job information has considerable impact on arresting employee turnover and that too, more importantly from employee's perspectives. As most of the companies in Indian industry hitherto do not give attention to this important aspect of the job, the phenomenon of employees switching over companies can be stopped and employees' stay in the company can be increased.

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