

# Impact of career advancement on employee turnover in an organization



## **Introduction**

In the present competitive business world, the employees have become equally important to the organizations, if not more, as the customers that bring profits to the organizations. The need for skillful employees has become very crucial for organizations to operate successfully. The skilled and hardworking employees are like assets to the company, which the company wants to retain for a longer period of time. The skilled workers give their level best to achieve the company's strategic goals with their hard work and dedication.

The companies do not want their employees to leave the company and work anywhere else. The reason is that a well-trained and skillful employee is hard to find and replace in terms of cost and time. Yet employees tend to switch from company to company in order to fulfill their own needs, requirements or demands. The issue of employee turnover is a major concern for organizations as it adds to their cost and they have to start from the scratch. Companies do seek solutions for high employee turnover and want to look at factors that influence the employee decision to quit. Likewise, employees look for organizations that best fit their requirements and are aligned with their career. The factors that influence the decision of employees to retain or leave an organization are worth studying.

## **Impact of Career Advancement on employee turnover in an Organization**

Career advancement is a major concern and objective of any employee.

Growth opportunities provided by an organization is of primary importance to employees so that they can excel in their fields. The expected benefits of moving up in the hierarchy forces the person to put his/her best efforts so as

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to reach the top. This benefits the company also as their goals are accomplished. Hence providing career advancement opportunities and employee turnover have a close relationship.

### **Objectives of the study**

- To determine the factors behind career advancement.
- To determine the factors related to employee turnover.

### **Impact of Career Advancement on employee turnover in an Organization**

#### **Literature Review**

The article “ Competing through Globalization” explains that it’s not just the organization that has to control employee turnover through different ways but it’s the responsibility of other factors also that can play a significant role in providing a clear image of career to the employees. The author says that the Government, Education system and society in general can help in providing a direction to a person in terms of his career which can eventually help him choose the right field, organization for himself. This type of initial guidance can in a way reduce employee turnover for any organization.

Retention Matters (ISR) indicate that individual development and career advancement are the major factors for an employee to leave the organization. The research argues that retention programs mostly fail because managers do not actually understand the key drivers that initiate the intention to leave an organization

Saporta, Ishak, Farjoun, Moshe Aug 2003 state that promotion plays a role in controlling employee turnover depending upon the type of occupation.

Promotions during career reduce the likelihood of switching from one

organization to another. Similarly Carson, Paula Phillips, Carson, Kerry D., Griffith, Rodger W., Steel, Robert 1994 state that a negative relationship exists between promotion and turnover.

World Bank in the article Education and Development emphasizes the importance of education for workers and employees. The research shows that with every year of schooling there is an increase of an average 10% in salary worldwide. This increases productivity and is beneficial for both employee and employer. This highlights the fact that education increases the competency of the employee which can as a result help him grow in the organization and make a career for himself.

Weatherly, Elizabeth W (Sunday, July 1 2001) looks at the socialization aspect of the organization for a new comer. The level of interaction and the general environment of the organization give an indication to the new comer which can affect his own attitude and behavior in his work (Jones, 1986). This shows that the social activities within an organization do play a role in behavior and career of the employees. It may determine their attitude towards the job and the overall organization. Good friendly atmosphere, healthy relationship with the boss (supervisor) may result in career advancement and growth.

Career advancement is affected by behavior with supervisors Katz (1978) and Van Maanen (1975) identified that the supervisor's role is clearly important to the employee. Supervisor design the structure of job, the tasks involved, can help remove conflict and confusion in the work itself. They provide informal feed back to the employees on their performance. Plus they

also control rewards and benefits which the employees may receive. All these aspects of supervisor-employee relationship are very important for employees for adjusting and growing in the organization. This allows employees to understand their job in a better way, help improve the quality of work through feedback and also can be a source of motivation.

Compensation can be considered a way to recognize and appreciate the contribution of employees. John (2007) stated in his article that employee turnover is affected by compensation. The findings are that if firms offer benefits, the probability of employees to stay with a company for that year increases by 26. 2% and for an additional year by 13. 9%. William A. Schiemann (1987) suggested that compensation and reward policy can have a direct impact on employee turnover, motivation of the employee, performance and the behavior. Vandenberghe and Tremblay (2008) studied employee turnover with respect to pay satisfaction and organizational commitment. The study showed evidence that compensation satisfaction is an important factor in retaining employees because it helps strengthen the link between employee and the organization. This shows that employees do consider benefits/rewards crucial for staying with an organization. Thus compensation plays a role in reducing employee turnover.

Performance appraisal is another variable that is considered important in retaining employees. Research carried out by Bannister & Balkin, (1990) shows that employees feel more satisfied with appraisal system when the process is directly related to rewards. This shows the significance of performance appraisal in keeping a check on employee turnover.

Clark-Rayner, P. & Harcourt, M. (2000) found that bonus payments do influence employees' decision to stay with an organization or switch to another organization. The research indicates that managers who don't intend to pay bonuses can force an employee to search for another job especially if the employee received bonus in the past. Simply just promoting the hard working employees and not focusing on giving them rewards and bonuses can lead to decrease in motivation and as a result looking for other options becomes a possibility for those employees.

Experience is the time spent and knowledge gained in the past by working in a specific field. Employees expect that career advancement opportunities are enhanced with an increased experience in a particular organization and field. These results are indicated by Amy E. Hurley and Jeffrey A. Sonnenfeld (July 1996) which showed that organizational experience helps in selection for managerial positions. More experience increases the likelihood for advancing and growing in a particular career.

New career advancement opportunities also affect turnover of an employee. Job opportunity is the presence and availability of other job opportunities. Job opportunity is low when there is high unemployment. Job opportunity plays a role in job satisfaction and intention of an employee to leave. For example, if some employee of the organization is dissatisfied with his organization and finds other job opportunities then there are chances that employee would switch from his existing company to the other available job.

Micheal J. Pires (Feb 2009) in his publication emphasizes couple of factors that help in reducing employee turnover. Hiring candidates who are looking

for development opportunities can be beneficial for the organization if it does provide career advancements. It is important to recognize the success and contribution of the employees. It is essential to provide cross-training and career progression within the company so that the employees can develop and further groom themselves.

Tom Shehan (December 2004) shows results from a survey that indicates top reasons for employees in leaving a job. The survey shows that most employees quit a job because of less compensation benefits, lack of career development opportunities and are looking for a fresh experience.

Employees really want their company to recognize and appreciate the contribution they make in success of the firm. In the same way Jacquelyn Lynn (May 2007) in his study reducing employee turnover explains steps through which employees can be retained in an organization. Apart from sense of association and motivational factors, the process of providing training to the employees has been given importance. Training helps them grow and bring retention which results in employee loyalty towards organization.

### **Theoretical Frame Work**

The primary variables of interest are Career Advancement and employee turnover. The independent variable is Career advancement and the dependent variable is employee turnover. In this research we want to see the relationship between career advancement and employee turnover.

**Theoretical framework:****Operationalization of career advancement:**

The independent variable i. e. career advancement has following dimensions

Experience

- Education
- Socialization

The relationship of career advancement with its dimensions and elements

**Impact of Career Advancement on employee turnover in an Organization****Operationalization of employee turnover:**

The dependent variable is employee turnover that has the following dimensions

- Compensation
- Labor Demand
- Performance measure

**Research Question and Hypothesis****Research Question**

Does career advancement opportunities affect employee turnover?

**Hypothesis**

Companies that provide career advancement opportunities are better able to reduce employee turnover

**Null Hypothesis**

There is no relationship between career advancement and employee turnover



**Alternative Hypothesis**

There is a negative relationship between career advancement and employee turnover.

**Survey Question**

We have designed a detailed research questionnaire for every variable defined in the conceptual framework. For detailed questionnaire, refer to Appendix

**Study Design****Type of study:**

The type of study we are conducting is explanatory in nature as we want to explore the relationship of career advancement with employee turnover.

First we will develop a hypothesis from the preliminary information and then test whether the hypothesis is proved or not by filling the questionnaire from different persons who are employed in an organization.

**Research Design:**

The data required to carry out this research will be taken from employees of MCB. The employees will be required to fill a questionnaire whose information will help us reach our conclusion.

**Population:**

Employees in all the organizations comprise the population for our study. But our sample will be employees working in a bank, MCB.

**Sampling Procedure:**

We will be using non-probability sampling method. A sample size of 30 employees working in an organization will be used. The organization we will <https://assignbuster.com/impact-of-career-advancement-on-employee-turnover-in-an-organization/>

use for data collection is MCB. We will be using convenience sampling method.

### **Unit of Analysis**

The units of analysis are those people who are working in any organization. For this purpose we have selected the employees of MCB.

### **Tool for Data Collection:**

We will use Questionnaire for data collection.

### **Data Collection Procedure:**

A self administered questionnaire of 13 close-ended statements will be used. Each questionnaire is expected to be completed and returned by the employees. 30 questionnaires will be collected from MCB.

### **Data analysis Procedure:**

Our questionnaire includes 13 statements on Likert scale. Respondents will indicate their level of agreement to the statements using the following scale:

- Strongly Agree 5
- Agree 4
- Neutral 3
- Disagree 2
- Strongly Disagree 1

### **Analysis technique:**

Our research is a quantitative research so we will use quantitative methods for analyzing the data.

**Project management:****Cost**

The costs that we will incur during this research would include transportation cost as we have to visit the bank to get our desired information. Another cost that will be of major consideration would be printing costs, which includes printing of questionnaires and report. Another opportunity cost will be time which we shall spend on carrying out this research.

**Conclusion**

Our research has investigated the effects of career advancement on employee turnover. The findings of our research would be beneficial for organizations in reducing employee turnover. It would allow them to reduce their recruitment costs to an extent. Employees can also use it to understand different factors that can help them advance in their careers. They would be more aware of factors like education, experience, communication skills and others that eventually help them in advancing in their respective careers.