

# Retaining Employees in the Call Center Industry: Predicting Turnover through Job Embeddedness

Sajjad Arif \* B.B.A. (Hons.) HR and Sarooj Noor M B A (HR)

\*Otto-von-Guericke Universität, Magdeburg, Germany. [sajjad.arif@st.ovgu.de](mailto:sajjad.arif@st.ovgu.de)  
National University of Modern Languages, Islamabad, Pakistan. [sarooj\\_noor@hotmail.com](mailto:sarooj_noor@hotmail.com)

## Abstract

Organizational psychologists have been constantly trying to explore the causes of employee turnover in order to find the solution for the problem. The first comprehensive effort towards this was by March & Simon, 1958. However, as Ramesh (2007) observes, in spite of the intuitively appealing additions to the turnover models these models have been unable to explain substantial variance in turnover. The most recent model that has gained considerable attention from the researchers, based on the concept of job embeddedness. This research study explores the causes of turnover in the call center industry of Pakistan using the job embeddedness model.

**Key Words:** Turnover Intentions, Turnover Models, Job Embeddedness, Call Center Industry, Pakistan.

## Introduction

The phenomenon of turnover is of interest to organizations and theorists because it is significant, potentially costly and relatively clear cut. Although a great deal was learned from the research on... (the previous) models of turnover, significant advances in our understanding may now require alternative theoretical perspectives (Lee & Mitchell, 1994, p. 70). High turnover has reduced earnings and stock prices by an average of 38 percent in four industries where it is common, according to research by Sibson & Company, a talent management company. These industries are specialty retailing, call centers, high-tech and fast food (Cooper, 2000). Various studies conducted in United States, UK, and India report an almost constant turnover rate of 30 to 35 percent [in the call center industry] (e.g. Cactus Search Limited, 2005; Ramesh, 2007, p. 53; Cooper, 2000). Though no reference could be found for the rate of turnover in the Pakistani call center industry, it can be expected to be more or less the same for Pakistan. Unemployment is going up and new job opportunities are rare in Pakistan. The objective of this study is twofold. The study tries to investigate the problem of turnover in Pakistani call center agents, and tries to understand its various aspects by applying the Mitchell & Lee's job embeddedness model, later extended by Ramesh (2007).

## Literature Review

Though an employee may feel some immediate relief when severing employment, the choice to leave a job is often a stressful and difficult one. Replacements need to be recruited, selected, trained, gain experience, and become socially integrated. A 1918 article by Paul H. Dogulas gives an account of a research study conducted by W. A. Grieses in 1914, and according to Dogulas it was the first ever detailed analysis of the extent of labor turnover.

Dogulas, in the paper, further gives accounts of a few other surveys conducted in the United States in as early as 1911 (pp. 308-309). Thus it follows, that few areas within industrial/organizational psychology have received as much attention as employee turnover (Cotton & Tuttle, 1986, p. 55). According to Rubin (1989) understanding the cause and magnitude of turnover can help assess basic aspects of the organization (p. 27).

### **Case for a New Model for Turnover**

Perhaps the most influential turnover theory is the theory of organizational equilibrium by March and Simon (1958) (Joseph, Ng, Koh, & Ang, 2007). In particular, March and Simon proposed that employee turnover results from the individual's perceptions about the desirability and ease of movement (Lee & Mitchell, 1994, p. 52). After March & Simon's first turnover model, various explanations of the concept were offered, the most significant among them were Porter & Steers (1973); Price & Mueller (1979,1981); Mobley (1977); Hom & Griffeth (1991); Whitmore (1979); Steers & Mowday (1981); Lee & Mowday (1987); Sheridan & Abelson (1983); Jackofsky & Solum (1987); and Aquino, Griffeth, Allen, & Hom (1997).

According to Holtom, Mitchell, & Lee (2006) over the past half century, psychologists and management researchers have focused on two major factors as causes of employee retention: job satisfaction and job alternatives (p. 318). Instead, research is often directed toward refining or clarifying interrelations between established constructs such as job satisfaction, withdrawal cognitions, intent to leave etc (Morrell, Loan-Clarke, & Wilkinson, 2001, p. 226). Furthermore, if there were a powerful or practically adequate theory of employee turnover, then lack of 'new' research would be of little concern. Mitchell and Lee advanced a new approach to turnover that focused on the counter-intuitive notion that individuals might leave the organization for reasons other than job dissatisfaction. This approach to turnover focused on the factors that make an individual more likely to stay in the job, in addition to the factors likely to make an employee leave (Ramesh, 2007, p. 18). Mitchell and colleagues developed a theory of employee retention that they called job embeddedness (Holtom, Mitchell, & Lee, 2006, pp. 318-319).

### **The Job Embeddedness Model**

Mitchell, Holtom, Lee, Sablynski, & Erez (2001) define job embeddedness (three dimensional) as an individual's (1) links to other people, teams, and groups, (2) perceptions of their fit with job, organization, and community, and (3) what they say they would have to sacrifice if they left their jobs. The concept of embeddedness is not entirely new. A 1969 article by Cohen, Robinson, & Edwards deals with the organization embeddedness. According to them, embeddedness refers to the methodological, sociological, and psychological impacts on individuals and subgroups of working within a larger organization to solve problems of the subgroups and of the total organization (p. 209). According to Mitchell, Holtom, Lee, Sablynski, & Erez (2001) the term "embeddedness" has been used in the sociological literature to explain the process by which social relations influence and constrain economic action.

In the job embeddedness model, by Ramesh (2007), the relationship of the individual to the organization and the relationship of the individual to the community are important predictors of turnover. Within the organization and the community, an individual can have three kinds of attachments: links, fit, and sacrifice. Thus, with the two factors (organization and community) and the three kinds of attachments (links, fit, and sacrifice). The original model put forward by Mitchell, Lee, & colleagues had the following six elements:

**Links:** Individuals think and act on behalf of the group they belong to because this group membership adds to their social identity, which partly determines one's self-esteem (Dick, et al., 2004, p. 351). This dimension describes the extent to which an individual is linked to other people and activities in the organization and community. An example of a community link is a strong connection to a group of friends who spend every weekend together, or having relatives who live in the same area (Ramesh, 2007, p. 19). According to Mitchell, Holtom, Lee, Sablynski, & Erez (2001) the higher the number of links between the individual and the organization, the more s/he is bound to the job and the organization. Similarly, the higher the number of links between the individual and the community, the more s/he is bound to the organization (p. 1104).

*H<sub>1</sub>*: Organizational links is negatively correlated with turnover intentions

*H<sub>2</sub>*: Community links is negatively correlated with turnover intentions

**Fit:** Fit is defined as an employee's perceived compatibility or comfort with an organization and with his or her environment. Job embeddedness assumes that the better the fit, the higher the likelihood that an employee will feel professionally and personally tied to the organization (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001, p. 1104; Holtom, Mitchell, & Lee, 2006, p. 319). According to Mitchell, Holtom, Lee, Sablynski, & Erez (2001) the better the fit, the higher the likelihood that an employee will feel professionally and personally tied to an organization (p. 1104).

*H<sub>3</sub>*: Organizational fit relates negatively with turnover intentions

*H<sub>4</sub>*: Community fit has a negative correlation with turnover intentions

**Sacrifice:** Sacrifice captures the perceived cost of material or psychological benefits that may be forfeited by leaving a job. For example, leaving an organization implies personal losses like giving up colleagues, interesting projects, or perks (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001, p. 1105). According to Holtom, Mitchell, & Lee (2006) the more an employee will have to give up when leaving, the more difficult it will be to sever employment with the organization (p. 320). Hence, the following hypothesis can be proposed:

*H<sub>5</sub>*: Organizational sacrifice is linked negatively with turnover intentions

*H<sub>6</sub>*: Community sacrifice has a negative linkage with turnover intentions

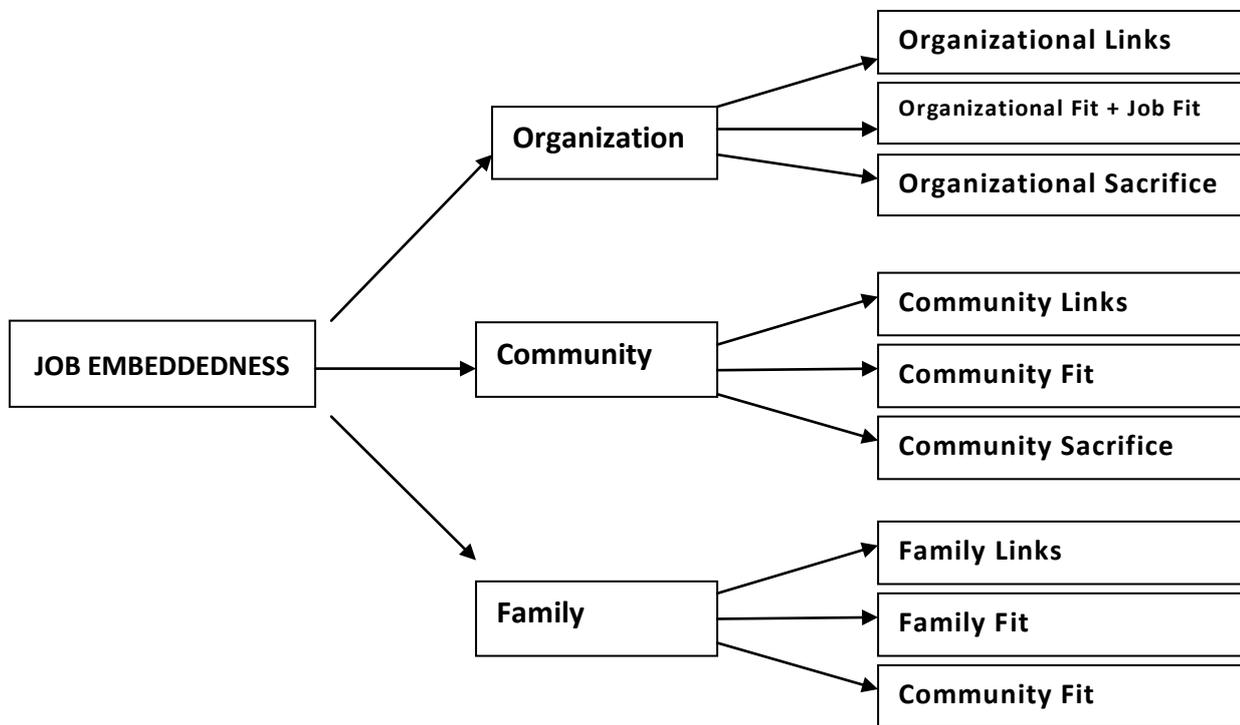
**Family Influence - Expanding Job Embeddedness:** Job embeddedness is a relatively new and developing construct. Mitchell, Holtom, Lee, Sablynski, & Erez (2001) suggested improvements in their model by saying "the items composing our six dimensions need additional development; some items may need to be dropped and others added" (p. 1116). One area that Ramesh (2007) identified as important based on prior research is the influence of family opinions on the individual's turnover decision. This is not a new idea. Even early on in the development of turnover theory, March and Simon (1958) suggested that family members often have opinions about the organizations, but this has not been well integrated in most of the turnover models described earlier (pp. 26-27).

Ramesh (2007) further suggests that the influence of the family on an individual's decision to leave an organization can capture another important aspect of embeddedness. Additionally, Ramesh (2007) identified various researches that suggest a negative linkage between turnover and family factors, especially in a collectivistic society. The expanded

version of the job embeddedness, developed by Ramesh is given in figure 1. Thus, the study further developed the following hypotheses:

- $H_7$ : There is a negative correlation between family links and turnover intentions
- $H_8$ : Family fit has a negative relationship with turnover intentions
- $H_9$ : Family sacrifice is negatively related with turnover intentions

Figure 1: The Expanded Job Embeddedness Model



Source: (Ramesh, 2007, p.30)

### Research Methodology

According to a recent study by PSEB 94% of IT companies in Pakistan are located in Karachi (35%), Lahore (33%) or Rawalpindi/Islamabad (26%) (PSEB, 2007-08, p. 4). The current study was conducted in call centers from Lahore and Islamabad.

### Sample & Data Collection Technique

Data was collected from call centers in Islamabad, and Lahore during July and August 2009. Only inbound call centers were included in the survey. Out of total 350 questionnaires 290 were returned, hence response rate is 82.85%. Finally, the study ended up with a total of 278 usable questionnaires, 164 from Lahore and 114 from Islamabad.

### Research Instrument

The instrument used in the survey was a questionnaire (5-point Likert type scale) taken from Ramesh (2007). Organization and community embeddedness were measured by the scale developed by Mitchell, Holtom, & Lee (2001); modified by Ramesh (2007). Family embeddedness construct was developed by Ramesh (2007) and consisted of three dimensions. Ramesh (2007) developed a four-item scale to measure turnover intentions. Three of these

were adapted from O'Reilly, Chatman and Caldwell (1991). The final item was from Hom, Griffeth and Sellaro (1984). All the scales used were found to reliable.

*Table 1: Scale Reliabilities*

<b>SCALE</b>	<b>CRONBACH'S ALPHA (<math>\alpha</math>)</b>
Organizational Links	0.631
Person-Organization Fit	0.916
Person-Job Fit	0.918
Organizational Sacrifice	0.843
Community Links	0.612
Community Fit	0.713
Community Sacrifice	0.837
Family Links	0.782
Family Fit	0.821
Family Sacrifice	0.776
Turnover Intentions	0.832

## **Results and Discussion**

### **Sample Characteristics**

Call center agents were selected as study participants. 56.5% of the respondents had tenure of less than 1 Year. Surprisingly, more than half of the respondents said that it was their first job experience at a call center. This may be because of the fear of the respondents that if they disclose that they had worked in other call centers prior this; this might harm their job, despite all efforts to ensure the anonymity of the data.

However, still 32 percent of the respondents reported having worked with at least one call center prior this. Only 6 of the total 278 respondents were married, that is, only 2.2 percent. This portrays the fact that most of call center agents have less work/life conflicts, as they do not have any dependents as such.

### **Correlation Analysis**

For data analysis SPSS 13.0 for Windows was used. The correlations of all the variables are given below in table 2. The hypothesis of this research will now be discussed based on the findings of correlation analysis. The hypotheses 1, 3, and 5 proposed organizational embeddedness on the whole to have negative relationship with turnover intentions. Person-organization fit showed a highly significant relationship with turnover intentions ( $\rho = -.424$ ; sig., .0001), while person-job fit was also significant with a  $-.225$  coefficient of correlation. However, organizational sacrifice was the most significant of all, with coefficient of correlation of  $-.469^{**}$ . Thus all the three hypotheses were supported. The hypotheses 2, 4, and 6 relate to community embeddedness. They propose that community embeddedness is negatively related with turnover intentions. But, this study found something contradictory.



**Table 2: Correlation Matrix**

	Organi z- ational Links	Person - Organi -zation Fit	Person -Job Fit	Organi za- tional Sacrifi ce	Comm -unity Links	Comm -unity Fit	Comm unity Sacrifi ce	Family Links	Family Fit	Family Sacrifi ce	Turnove r Intentio ns
Organizatio nal Links	1										
Person- Organizatio n Fit	.326* *	1									
Person-Job Fit	.361* *	.690* *	1								
Organizatio nal Sacrifice	.342* *	.616* *	.515* *	1							
Community Links	.172* *	.243* *	.343* *	-.097 .108	1						
Community Fit	.162* *	.239* *	.246* *	.394* *	.246* *	1					
Community Sacrifice	.058 .335	.148* *	.349* *	.209* *	.535* *	.583* *	1				
Family Links	.274* *	.172* *	.185* *	.328* *	-.016 .796	.299* *	.251* *	1			
Family Fit	.234* *	.690* *	.682* *	.618* *	-.265* *	.237* *	-.124* *.040	.317* *	1		
Family Sacrifice	.040 .509	.359* *	.142* *	.564* *	.259* *	.426* *	.283* *	.318* *	.469* *	1	
Turnover Intentions	-.221* *	-.424* *	-.225* *	-.469* *	.261* *	.299* *	.071 .235	-.131* *.028	.421* *	.506* *	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

The correlation matrix shows community links to be positively related with turnover ( $\rho = .261$ , sig., .0001). Community fit was also found to be positively related ( $\rho = .299$ , sig., .0001); while the relation between community sacrifice and intentions was found to be insignificant. Family embeddedness, the hypotheses 7, 8, and 9 propose a negative correlation

between turnover intentions and family embeddedness. Table 2 below, gives the detailed results.

There is not much research on job embeddedness model so as to compare our findings with it. However, a study conducted by Mitchell, Holtom, Lee, Sablinski, & Erez (2001) found the correlations between embeddedness and intentions to leave are -.41 and -.47 ( $p < .01$ ) for two different samples.

The study conducted by Ramesh (2007) tested the model in both USA and India. This study provides a good point of reference. The significant inconsistencies will be discussed in the discussion part.

***Table 3: Cross Cultural Comparison***

<b>Variable</b>	<b>Pakistani Sample</b>	<b>Indian Sample</b>	<b>US Sample</b>
Organizational Links	-.221, (.000)	.02,	.12, (.05)
Person-Organization Fit	-.424, (.000)	-.27, (.000)	-.36 (.000)
Person-Job Fit	-.225, (.000)	-.19, (.000)	-.39 (.000)
Organizational Sacrifice	-.469, (.000)	-.51, (.000)	-.67 (.000)
Community Links	.261, (.000)	-.22, (.000)	-.13 (.05)
Community Fit	.299, (.000)	-.13, (.000)	.10
Community Sacrifice	.071, (.235)	-.19, (.000)	-.05
Family Links	-.131, (.028)	-.11, (.05)	.22 (.000)
Family Fit	-.421, (.000)	-.55, (.000)	-.62, (.000)
Family Sacrifice	-.506, (.000)	-.29 (.000)	-.16 (.000)

### **Regression Analysis**

Linear Regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable (SPSS Inc., 2004). Thus multiple step regression analysis was done, in order to check the fitness of the model.

***Table 4: Model Summary***

R = .645	R Square = .416	Adjusted R Square = .394
F = 18.984	Sig. = 0.0001	N = 278

***Table 5: Coefficients Table***

<b>Variables</b>	<b><math>\beta</math></b>	<b>t</b>	<b>Sig.</b>
Organizational Links	-.056	-.548	.548
Person-Organization Fit	-.164	-2.206	-.028
Person-Job Fit	.126	1.626	.105
Organizational Sacrifice	-.282	-3.417	.001
Community Links	.248	3.873	.000
Community Fit	.213	2.618	.009
Community Sacrifice	-.276	-3.037	.003
Family Links	.061	.912	.362
Family Fit	-.072	-.723	.471
Family Sacrifice	-.247	-3.334	.001

The variables that were entered into the regression model had a combined correlation of  $R = 0.645$  with the dependent variable turnover intentions. The value of R Square (the coefficient of determination), 0.416, shows that the variables explained 41.6% of the variance in turnover intentions. The ANOVA analysis showed, the F value of 18.984 was significant at 0.0001 level. Thus the model was found to be significant and can be used to predict turnover intentions.

The highest Beta value (-0.282), significant at 0.001 level, explain the most of variance in turnover intentions. The second most significant predictor was found to be community sacrifice with a  $\beta$  value of (-0.276). Family sacrifice also was found to have a strong impact ( $\beta = -0.247$ ).

### **Recommendations & Conclusions**

We know from a century of observing collective bargaining, more-over, that the positive effects of more pay are often short-lived. Retention cannot be accomplished purely through money. A host of on-the-job and off-the-job factors must be considered when developing a retention plan. Ultimately, a company's leader must survey these factors and select those that are most applicable to his or her firm (Mitchell, Holtom, & Lee, 2001, p. 104). Harman, Lee, Mitchell, Felps, & Owens (2007) identified the two main contributions to the turnover literature made by the job embeddedness construct. First, it significantly expands the scope of variables researchers consider when trying to understand why people remain in a job. Second, embeddedness includes consideration of off-the-job factors like fit with one's neighbors and community—a contribution that is more subtle and theoretical in nature. Job embeddedness is premised on the notion that many people rarely consider leaving their jobs because they are so immersed in their environments.

The purpose of this study was to test explore the problem of turnover in the call center industry in Pakistan via the replication of the job embeddedness model developed by Mitchell, Lee, and colleagues and modified by Ramesh (2007). The study found more or less similar findings as far as organizational and family embeddedness are concerned. However, the findings of community sacrifice were rather astonishing. Not only that my finding of positive relationship differs from Ramesh's finding, but also Ramesh found negative relationship in India, while no relationship in America. Thus this creates a kind of a confusion, which needs to be resolved. More research is needed to confirm the relationship. Furthermore, the model testing suggested that the model was quite significant and did explain 39 percent adjusted variance in turnover intentions. And this is over and above the variance explained by the previous turnover models based on the additional predictors. Thus, if the managers at the call center industry want to look at the causes of turnover or they are facing high employee turnover, they can use this model and devise retention strategies accordingly.

This research offers a few suggestions that can help managers to create and enhance embeddedness in employees. Firstly, while recruiting more attention should be given to ensuring a fit is achieved between the person, organization, job, community, and his/her family. Secondly, in order to enhance organizational embeddedness, organizations can institute mentorship programs to induce links. Furthermore, sports days or similar entertainment events could be organized in order to enhance social linkage. Mentorship programs create a link between the mentor and the employee. And regarding sacrifice; organizations should put all they can to enhance the sacrifice element. Providing educational loans in related areas can not only help employees in personal development but also can help the organizations in generating and selecting talent from within. As Ramesh (2007) notes job

embeddedness has been found to explain variance in turnover above the most significant predictors, such as job satisfaction and job alternatives in the US, but has not been explored in collectivistic cultures. This study has also specified some limitations. Firstly, the data collected was only from Islamabad and Lahore, while a big proportion of the call center industry lies in Karachi. Thus, the generalizability of this research is limited. Secondly, this study deals with the call center industry only—an industry with high turnover rate. Thus it is recommended that future research should take the job embeddedness model to other industries as well. Finally, there was no testing of other attitudinal variables for comparison in this research, because the inclusion of other variable would have made the research too complex to administer, and also because it would require much more time to accomplish. However, this study used the previous literature to find out the maximum variance explained by other variables. Nonetheless, it is imperative to study other variables on the same sample, because, it will give a realistic comparison of the models. Also suggesting that more new models should be tested in Pakistan as well, especially the intermediate linkages model or Mowday et al.'s model of employee turnover.

### References

- Ramesh, A. (2007). Replicating & Extending Job Embeddedness Across Cultures: Employee Turnover in India and the United States. Doctoral Dissertation. College Park, Maryland, United States of America: Unpublished Doctoral Dissertation. University of Maryland, USA.
- Lee, T. W., & Mitchell, T. R. (1994). An Alternative Approach: The Unfolding Model of Voluntary Employee Turnover. *The Academy of Management Review*, 19 (1), 51-89.
- Cooper, E. (2000, September 18). Employee Turn Over Rates & Employee Retention Statistics. Retrieved June 16, 2009, from <http://www.morebusiness.com/>: <http://www.morebusiness.com/node/937/pdf>
- Cactus Search Limited. (2005, June). Guide Candidate Management & Employee Retention. Retrieved June 16, 2009, from [www.cactussearch.co.uk](http://www.cactussearch.co.uk).
- Douglas, P. H. (1918). The Problem of Labor Turnover. *The American Economic Review*, 8 (2), 306-316.
- Cotton, J. L., & Tuttle, J. M. (1986). Employee Turnover: A Meta-Analysis and Review with Implications for Research. *The Academy of Management Review*, 11 (1), 55-70.
- Joseph, D., Ng, K.-Y., Koh, C., & Ang, S. (2007). Turnover of IT Professionals - A Narrative Review, Meta-Analytic Structural Equation Modeling, & Model Developmen. *MIS Quarterly*, 31 (3), 547-577.
- Porter, L. W., & Steers, R. M. (1973). Organizational Work and Personal Factors in Employee Turnover and Absenteeism. *Psychological Bulletin*, 80 (2), 151-176.
- Price, J. L., & Mueller, C. W. (1981). A Causal Model of Turnover for Nurses. *The Academy of Management Journal*, 24 (3), 543-565.
- Whitmore, G. A. (1979). An Inverse Gaussian Model for Labour Turnover. *Journal of the Royal Statistical Society. Series A (General)*, 142 (4), 468-478.
- Lee, T. W., & Mowday, R. T. (1987). Voluntarily Leaving an Organization: An Empirical Investigation of Steers and Mowday's Model of Turnover. *The Academy of Management Journal*, 30 (4), 721-743.
- Sheridan, J. E., & Abelson, M. A. (1983). Cusp Catastrophe Model of Employee Turnover. *The Academy of Management Journal*, 26 (3), 418-436.

- Jackofsky, E. F. (1984). Turnover and Job Performance: An Integrated Process Model. *The Academy of Management Review*, 9 (1), 74-83.
- Jackofsky, E. F., & Slocum, J. J. (1987). A Causal Analysis of the Impact of Job Performance on the Voluntary Turnover Process. *Journal of Occupational Behaviour*, 8 (3), 263-270.
- Aquino, K., Griffeth, R. W., Allen, D. G., & Hom, P. W. (1997). Integrating Justice Constructs into the Turnover Process: A Test of a Referent Cognitions Model. *The Academy of Management Journal*, 40 (5), 1208-1227.
- Holtom, B. C., Mitchell, T. R., & Lee, T. W. (2006). Increasing human and social capital by applying job embeddedness theory. *Organizational Dynamics*, 35 (4), 316-331.
- Morrell, K., Loan-Clarke, J., & Wilkinson, A. (2001). Unweaving Leaving: the Use of Models in the Management of Employee Turnover. *International Journal of Management Review*, 3 (3), 219-244.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). Why People Stay: Using Job Embeddedness to Predict Voluntary Turnover. *The Academy of Management Journal*, 44 (6), 1102-1121.
- Cohen, A. M., Robinson, E. L., & Edwards, J. L. (1969). Experiments in Organizational Embeddedness. *Administrative Science Quarterly*, 14 (2), 208-221.
- Dick, R. V., Christ, O., Stellmacher, J., Wagner, U., Ahlswede, O., Grubba, C., et al. (2004). Should I Stay or Should I Go? Explaining Turnover Intentions with Organizational Identification and Job Satisfaction. *British Journal of Management*, 15, 351-360.
- PSEB. (2007-08). Pakistan IT Industry Yearbook. Pakistan Software Export Board.
- Mitchell, T. R., Holtom, B. C., & Lee, T. W. (2001). How to Keep Your Best Employees: Developing an Effective Retention Policy [and Executive Commentary]. *The Academy of Management Executive* (1993) Themes: Business Strategies and Employee Development, 15 (4), 96-109.
- SPSS Inc. (2004). Linear Regression: Help Files. United States of America.
- Harman, W. S., Lee, T. W., Mitchell, T. R., Felts, W., & Owens, B. P. (2007). The Psychology of Voluntary Employee Turnover. *Current Directions in Psychological Science*, 16 (1), 51-54.