



Impact of Self-Efficacy on Employee Attrition: a Study Through Structural Equation Modeling

KEYWORDS

Self-efficacy; attrition intent; predictor; relationship; CFA.

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ABSTRACT A number of empirical studies have been conducted taking self-efficacy as one of the variable. But this study concentrates on relationship between self-efficacy and attrition intent in Indian organizational context. Self-efficacy is belief in own abilities to perform the given task. The level of self-efficacy varies from person to person. Self-efficacy beliefs can lead to many outcomes related to human resources in the organization. Attrition intent is the intension of the employees to leave their present organization. This paper is aimed to find out the relationship between self-efficacy and attrition intent. A sample of 782 employees from Indian pharmaceutical industry has been taken to collect the responses. Result indicated that self-efficacy is a significant predictor of employee attrition.

Introduction

The concept of self-efficacy has been used by everyone in day to day life by overcoming challenging tasks. Numbers of researches have shown the presence of self-efficacy describing the efficiency and productivity of an individual. Bandura (1997) describes perceived self-efficacy as "beliefs in one's capabilities to organize and execute the courses of action required to produce given attainments". Self-efficacy is belief in one's coping abilities in an adverse situation. Self-efficacy also describes competence of executing tasks given by the supervisor. The sense of self-efficacy varies from person to person and enhances with the passage of time. Repetitive work and successful completion of a given task also enhances the self-efficacy belief of an individual. The association of self-efficacy application has been found with various human characteristics like productivity, personal performance, job satisfaction, anxiety and turnover intention, employee retention. Jerusalem and Schwarzer propounded self-efficacy belief as convictions about one's available resources to cope with the demands in the environment. Self-efficacy can be low and high in an individual. People with low self-efficacy have weak self confidence to handle challenging tasks thus avoid such conditions. On the contrary, people with high self-efficacy seek challenging jobs and set difficult targets for them to achieve. Moreover, self efficacy exerts the intensity of the efforts one can put in to handle the situation, the capacity to sustain the efforts in case of obstacles and stress handling capability in case of failure.

Human resource management emerged with many important aspects like recruitment, induction, developmental training, performance and potential appraisal, salary administration, human resource, career and succession planning which are imperative for improving and sustaining the organizational performance. Company invest heavy amount of money for executing all the above functions. But what happens if these human resources leave the organization seeking new opportunities earlier than the company expect. Thus employee attrition is considered to be threatening for the organizations if not handled well. Attrition is the ratio of the number of workers that had to be replaced in a given time period to the average number of workers (Agnes, 1999). In other words, attrition is a series of tasks performed from employee leaving to his replacement. Em-

ployee attrition could be good or bad for the organization depending on the number of employees left the organization in a given period of time. If it is on the higher side, organization must look into the matter seriously because attrition in large numbers hampers the overall progress of the organization.

Literature review

Hill et al. (1987) researched that employee who feels capable of performing a particular task is highly efficacious and will cope more effectively with change. The persons with high self-efficacy are more risk takers and perceive the challenges as an opportunity to prove themselves in the organization. Bandura (1982) propounded that self-efficacy has powerful effects on learning, motivation and performance because people try to learn and perform only those tasks that they believe they will be able to perform successfully.

Gist (1987) examined the implications of self-efficacy on organizational behavior and human resource management and found the high correlation between efficacy perceptions and employee selection, organizational leadership, training and vocational counseling of employees. House et al. (1993) suggested that the primary motivational mechanism through which leaders influence their followers is by enhancing followers' self-efficacy and self-worth.

Schunk et al. (1994) reported that there is a positive relationship between self-efficacy and academic achievement and if students are trained to have higher self-efficacy beliefs their academic performance also improves. Murphy et al. (1989) found that the difference between self-efficacy between women and men was highest computers were used on an advanced level.

Brown et al. (1989) explored self-efficacy as a moderator of the relationship of scholastic aptitude to academic performance and persistence. The students with higher self-efficacy earned more grades in comparison to the students with lower levels of self-efficacy.

Employee attrition is the ratio of the number of the workers that had to be replaced in a given time period to the average number of workers (Agnes, 1999). In simple terms,

attrition is the series of actions that it takes from the employee leaving to his or her being replaced. It is a process. It is a behavior which describes this process (Currivan, 1999). Employee attrition may be considered a negative issue, but can be moulded on positive side if handled by the organization correctly and appropriately. Employee attrition is often used as a mirror of company performance and can easily be observed negatively towards the organization's efficiency and effectiveness (Glebbeeck *et al.*, 2004).

Mobley *et al.* (1979) observed that the intention to quit is influenced by set of factors namely organizational factors, individual employee characteristics, job-related and labour-market expectations, and individual values. The intention to quit then ultimately influences the actual quitting behavior. Eisenberger *et al.* (1986 & 1990) exclaimed that perceived organizational support is a definite antecedent of employee turnover. A further research on this issue confirmed that individuals scoring high on perceived organizational support have a low tendency to look out for new jobs or accept new jobs in other organizations.

Berg (1991); Cotton *et al.* (1986) found that amount of level of education is positively associated with employee turnover suggesting that the more educated employees quit more often as compared to the people with lower level of education. Wai *et al.* (1998); Price *et al.* (1986) asserted that non-managerial employees are more likely to quit than managerial employees.

Research Methodology

In this study, non probability sampling technique has been used. The sample size for the study is taken 800. To ensure required sample size and to allow for the possibility of the unfilled questionnaires, 810 employees of various pharmaceutical industries scattered well in Delhi (including National Capital Region) and Haryana for the collection of the primary data have been targeted with the help of a structured questionnaire. 28 questionnaires are not found appropriate to include in the study. Thus, effective sample size is 782.

To judge the relationship between self-efficacy and attrition intent, two structured research instruments have been used. The questionnaire contains the statements on different aspects of the research problem and is based on the 5 point Likert-Scale (where 5= Strongly Agree, 4= Agree, 3= Neither Agree nor Disagree, 2= Disagree and 1= Strongly Disagree). The structured questionnaire used for the survey is divided into two sections. The first section consists of 10 statements constitutes self-efficacy scale that measures the self-efficacy perceptions of an individual about his capabilities of accomplishing the assigned duties and responsibilities. The self-efficacy scale is developed by Ralf Schwarzer and Matthias Jerusalem.

The second part of the questionnaire constitutes attrition intent and consists of 7 dimensions comprising 34 statements namely (i) satisfaction with pay, (ii) Nature of work, (iii) satisfaction with supervisor, (iv) organizational commitment, (v) justice environment, (vi) turnover intention and (vii) perceived alternative employment opportunities. These 7 dimensions have been used by Naresh Khatri and Pawan Budhwar.

**Analysis and Interpretation
Standard Linear regression Output**

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.251 ^a	0.063	0.062	0.47467

a. Predictors: (Constant), Self Efficacy

Table 2: Analysis of Variance (ANOVA) for regression analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.817	1	11.817	52.446	.000 ^a
	Residual	175.747	780	0.225		
	Total	187.564	781			

a. Predictors: (Constant), Self Efficacy
b. Dependent Variable: Attrition Intent

Table 3: Standardised and unstandardised regression coefficients

Model	B	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	2.500	0.163		15.343	.000
	Self Efficacy	0.287	0.040	0.251	7.242	.000

a. Dependent Variable: Attrition Intent

Conclusion and Remark

The regression analysis revealed that employees' perception of their self-efficacy is a significant predictor of their attrition intent. R-square is a measure of strength of the computed equation. R-square is also called the coefficient of determination. R-square is the square of the multiple correlation coefficients listed under R in the table and represents the proportion of variance accounted for in the dependent variable (Attrition intent) by the predictor variable (Self-efficacy). Self-efficacy is statistically significant predictor of attrition intent ($\beta = 0.25$) which means that there is a positive relationship between self-efficacy and attrition intent. In a simple regression where there is one predictor variable, the multiple R is equal to the simple R. For this study multiple correlation coefficient R is 0.251 and the R-square is 0.063.

The ANOVA table presents the results from the test of the null hypothesis that R-square is zero. An R-square of zero indicated no linear relationship between the predictor and dependent variable. The ANOVA table shows that the computed F statistic is 52.44, with an observed significance level of less than 0.05. Thus the hypothesis that there is no linear relationship between the predictor (Self-efficacy) and dependent variable (Attrition intent) is rejected.

Identifying Independent Relationship

The coefficients table presents the standardised β coefficients between the predictor variable self-efficacy and the dependent variable attrition intent. The β coefficient is shown in the table is statistically significant at the 0.05 level ($\beta = 0.251$, $t = 7.24$, $p < 0.05$).

Now, the regression analysis is conducted within the AMOS graphics. The initial step in this instance is the specification of the regression model as a path diagram:

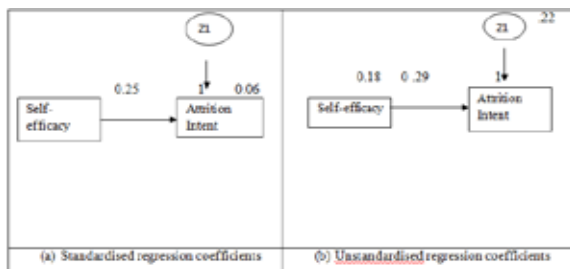
Figure 1



Linear Regression Model specification using Amos

To be correctly specified, the model must include a residual or error term (Z1) as an ellipse which indicates an unmeasured variable. The standardised and unstandardised parameter estimates derived from the analyses may be seen as follows:

Figure 2



Standardised and unstandardised regression coefficients in predicting attrition intent from self-efficacy in Amos

The parameter estimates shown in figure 2 may be compared to the output from the SPSS analysis shown in Tables 1 to 3. The standardised coefficient is same as the Beta value (0.25) in the Table 3. The R-square value of 0.06 displayed above the rectangle for attrition intent in figure 2 equates to the value found in Table 1. Similarly, the unstandardised regression coefficients (0.29) displayed in panel (b) of figure 2 is same as that reported in the Table 3.

Discussion

Employee turnover has always been a matter of concern for the organizations. It is pivotal for the organizations to understand the underneath reasons of the attrition as hiring new employees involves huge organizational resources. Besides, adaptation of new employee with the organizational working culture also takes a long time which could hamper the overall health of the organization. The paper empirically proves that self-efficacy plays an important role in determining the attrition intent of employees. Organizations can execute it to find out the level of self-efficacy of employees at the selection stage to avoid unwanted attrition. Self-efficacy emerged for accomplishing a specific task can be seen as a task specific self-efficacy. Employees with high level of self-efficacy are willing to face challenges and develop problem solving skills. On the contrary, employees with low level of self-efficacy bears risk aversive nature and escape from challenging tasks. Organizations can handle unwanted attrition by selecting employees with high self-efficacy level. Self-efficacy has been used in many researches to identify many aspects of human being. But insignificant researches have been found linkage between self-efficacy and attrition intent, especially in Indian context. Present research paper could prove to be important mile stone for future researches in this field.

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