

# Leaving an Organization to pursue an MBA: An empirical study of the Driving Factors

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**Abstract-** The concept and implication of an employee turnover has been an area of interest among researchers. The phenomenon of Employee turnover can be traced to misalignment of expectations and aspirations of the employees with the organization. In the current study, I sought to understand this phenomenon through a sample of MBA students, who were in full employment, before leaving the organization, in pursuit of an MBA. Results reveal that although areas of job satisfaction and employee engagement were high in the previous organizations, employees left to pursue a brighter career or an aspirational role change.

**Index Terms-** Turnover, leaving, aspirations, MBA, role change

## I. INTRODUCTION

The spectre of leaving an organization or turnover has been an area of interest to researchers from different disciplines for several decades. The definitions of turnover vary widely among studies (Hayes et al, 2006). Mobley et al (1978) developed a framework for the precursors of turnover and therefore gave a way to organize leaving preconditions conceptually. High turnover rates of employees are known to lead to high staffing costs (Hinkin and Tracey, 2000); (Hillwer et al, 2005), an erosion of the company's implicit knowledge base (Coff, 1997), a decrease in organizational competencies (Walton, 1985).

Price (1977) proposed that interaction between job satisfaction and job opportunities is the immediate antecedent of an employee's leaving an organization. Moreover turnover studies often include education as a control variable (Trevor, 2001) and assume that it increases turnover opportunities for employees. However the evidence for the college degree and turnover is mixed. Lynch (1991) found that employees who participated in some form of company sponsored classes outside the workplace were more likely to turnover. Benson et al (2004) found that employees were more likely to turnover when they gained degrees through tuition reimbursement.

An area that has received considerable interest among the workforce nowadays is career pathing or recycling. Organizations can better respond to the needs of individuals who are reexamining and changing their chosen career paths. The term career recycling reflects a new, growing segment of workforce describing individuals who are reexamining and changing their career paths. Boundaryless career literature suggest that today's employees are travelling career paths that are discontinuous and go beyond the boundaries of a single firm.(Arthur, 1996).

Employees desirous to climb the career ladder proactively fast track the process by taking an MBA. Indeed, such has been one of the strategies to enhance career success. (Breher & Ryan, 2002). Studies on the impact of MBA have reported mixed results. Some studies have found that the knowledge and competences gained from the MBA make graduates attractive to other employers, thus facilitating such job hopping. (Mayer & Schoorman, 1998).

March & Simon (1988) identified job satisfaction as an important factor in deciding whether or not to stay in the organization. Job satisfaction is defined as a positive feeling towards a job.

## II. BACKGROUND

Since the early 1990s the common wisdom has been that mergers, reengineering and downsizing have led to uncertain job security for employees. As the phenomenon of an implicit promise of job security is no longer possible, firms need new ways of retaining workers and inspiring commitment among employees. Labour economics predicts that workers with upgraded general skills are likely to turnover. Some companies and scholars have advocated that "employability" might supplant long term job security as the basis for reciprocal commitment from employees.(Fagano, 1993).Employability is a concept that emerged through the 90s along with a growing perception among employees that they cannot count on their employers for long term employment.(Baruch, 2000).Employability has been considered a promise to employees that they will have the skills to find new jobs quickly if their jobs end unexpectedly. Human Capital Theory suggests that developing general skills that are useful across a wide range of firms increases external job opportunities and the likelihood that employees will market their skills elsewhere. (Becker, 1968). The importance of earning that credential for potential salary growth and career advantage means that the marketability of the skills gained through post graduate studies like an MBA, will drive employees to look outside their current organization regardless of their affective attachment towards their present organization. The present study is an investigation of the drivers of employees, who are interested in their own career development and so, wish to leave their organizations in pursuit of a full time MBA.Turnover literature, has not considered the specific motives underlying a quit decision. (Rosin & Korabik, 1990).Not much is known about the specific motives for voluntary managerial turnover. The Policy Studies Institute Report Britain in 2010 reports that: "to provide the skills needed for effective competition in the rapidly changing and increasingly competitive international economy, it

will be necessary to contemplate something in the order of a doubling of the proportion staying on in full time education and training. The importance of higher skill levels, which must be raised to levels more competitive with those achieved in competitor countries for higher employment levels will be accentuated by up market shifts in consumer taste, stronger competition in the international markets and the growing importance of IT and newer technologies.”

### III. METHODOLOGY

#### Procedure and Participants

Data for this study was collected through online questionnaires circulated to first year students with work experience, of Symbiosis Institute of Operations Management, a Management institute located in Nashik, under the aegis of a Pune headquartered reputed Management University, pursuing a two year full time MBA Course in the campus. The population consisted of 160 students, out of whom, 70 students responded to the questionnaire administered by the researcher. The response rate was 38 per cent. The average age of the respondents was 26.6 years. 58 respondents were male and 12 were females. The average work experience of the respondents was 2.2 years.

The questionnaire consisting of 25 items was adapted from Journal of Advanced Nursing, March 2010, Vol 66, Issue 3, pp 616 – 625, from the research article, “*Leaving the organization or the Profession- A multivariate analyses of nurses’ intentions*”. The items in the questionnaire designed to measure the work related affective and effective behavior were classified into domains related to areas of career, job satisfaction, holistic learning, conflict resolutions, development opportunities, input sharing, physical work conditions, skill opportunities, learning, time optimization, initiative taking, work life balance, training, empowerment and work design. The scales in the questionnaire for items related to work initiative, expertise, learning, and workload, work planning, communication, conflicts, jobs and variety ranged from small extent to large extent from 1 up to 5 respectively. For the measures related to time optimization and work speed, the scale ranged from hardly ever to always from 1 up to 5. For items related to work prospects, physical working conditions and ability use the scale ranged from very unsatisfied to very satisfied from 1 up to 4. For the measures related to task and working day routine, the scale ranged from never to always from 1 up to 4.

### IV. ANALYSES

The data was analysed using SPSS version 14.0. For the analyses, Descriptive Statistics, Factor Analyses using Varimax rotation and Frequency Graphs were computed. The Cronbach Alpha measuring sampling consistency was 0.736, which is

#### Factor Analyses with Varimax Rotation

	Component					
	1	2	3	4	5	6
job satisfaction priority	.826			.297	.111	
career prospects	.788		-.252	.136		

uniformly considered to be good. The KMO for sampling adequacy was measured at 0.623. The tables below report the Factor Analyses and the Frequency Charts.

### V. RESULTS

The Factor Analyses after rotation using the Varimax Rotation obtained eight factors from the twenty five items. For an item to be included in a factor, I used the minimum measure of 0.35 and above. The following table below, depicts the Factor names and denotes the measure.

#### Factor 1: Career and Job satisfaction

- a. Career -0.846
- b. Job Satisfaction- 0.815
- c. Holistic Learning- 0.79
- d. Conflict Resolution – 0.79
- e. Development Opportunities- 0.75
- f. Input Sharing- 0.453
- g. Physical Conditions- 0.483

#### Factor 2: Learning and Initiative

- a. Input Sharing- 0.443
- b. Skill Opportunities- 0.780
- c. Learning- 0.762
- d. Variety – 0.563
- e. Time Optimisation- 0.435

#### Factor 3: Empowerment

- a. Voice in Work- 0.793
- b. Empowerment-0.633
- c. Pace Setter – 0.764
- d. Communication Time- 0.409

#### Factor 4: Work Design and Variety

- a. Variety in job- 0.455
- b. Job satisfaction- 0.455
- c. Training- 0.863
- d. Work Design- 0.549

#### Factor 5: Work balance

- a. Work balance- 0.852
- b. Time Optimisation- 0.511

#### Factor 6: Training

- a. Training on Job- 0.486
- b. Timely Information – 0.828
- c. Conflicting Orders – 0.773

#### Factor 7: Physical Work Conditions

- a. Physical work conditions- 0.577
- b. Work flexibility- 0.726

#### Factor 8: Work Speed

Work Speed: 0.904

development opportunities	.759	-.127		.141		
holistic job	.736	-.211	-.288			
conflict resolution	.699		-.340	.332	-.116	
ability utilisation	.698		-.291	-.162		.189
input sharing	.658	.154	.247	-.151	.124	.363
physical work conditions	.500	-.105	-.121	.137	.248	.297
time optimisation	-.157	.644	-.281		.248	
learning opportunity	.473	.621		-.202		
skills optimisation	.403	.579	.147	-.333		
timely information	-.213	.551	.209	.160	.451	.418
variety in job	.488	.491	.274		-.215	-.189
initiative empowerment	.225	.472	-.257	-.408	.172	.129
pace setter	.331		.776			-.142
communicate time	.329	-.271	.518	-.308	-.148	.244
task voice	.367	-.160	.485		.437	-.406
Work flexibility		-.429	.449	.207	.292	.208
empowerment	.206	.260	.442	-.307		-.257
training on job		.434	.203	.561	-.112	
work plan design	.474		.105	.531	-.129	-.187
conflicting orders	-.368	.244	.184	.527		.338
work balance	-.208	.373	-.144	.296	.527	-.401
satisfaction of working day		.319	.209	.418	-.506	
work speed requirement	-.302	.327			-.246	

**Component Matrix<sup>a</sup>**

	Component	
	7	8
job satisfaction priority		.140
career prospects	.175	-.106
development opportunities	.165	.158
holistic job	.165	-.271
conflict resolution		
ability utilisation	.322	-.107
input sharing		
physical work conditions	-.203	.353
time optimisation		
learning opportunity	-.178	
skills optimisation	-.154	.195
timely information	.178	
variety in job	-.213	-.228
initiative empowerment	-.281	
pace setter		
communicate time	.131	.118
task voice		-.135
Work flexibility	-.353	.170
empowerment	.349	
training on job		-.110
work plan design	-.160	.159
conflicting orders	.312	-.238
work balance		.267
satisfaction of working day	-.192	
work speed requirement	.465	.639

Extraction Method: Principal Component Analysis.

a. 8 components extracted.

**Rotated Component Matrix<sup>a</sup>**

	Component					
	1	2	3	4	5	6
career prospects	.846	.105				
job satisfaction priority	.815	.106	.122	.145		
holistic job	.796			-.155		-.125
conflict resolution	.794	.102		.259	.113	-.116
development opportunities	.758		.169		-.131	-.120
ability utilisation	.742	.215		-.226	-.255	
input sharing	.453	.443	.262		-.336	.208
skills optimisation	.106	.780	.165	.113		
learning opportunity	.212	.762	.138	.199		
initiative empowerment		.726	-.185	-.216	.126	
variety in job	.195	.563	.322	.455		
task voice	.182		.793	-.126	.136	
pace setter			.764	.222	-.230	
empowerment		.252	.633			
satisfaction of working day				.757		
training on job				.563	.166	.486
work plan design	.453		.147	.549	.128	-.111
work balance			.106		.852	.147
communicate time			.409		-.641	
time optimisation	-.112	.435	-.167		.511	.234
timely information	-.173	.251			.192	.828
conflicting orders	-.156	-.270		.262		.773
Work flexibility	-.138	-.239	.205		-.139	
physical work conditions	.482	.158	-.113			
work speed requirement	-.172				.105	

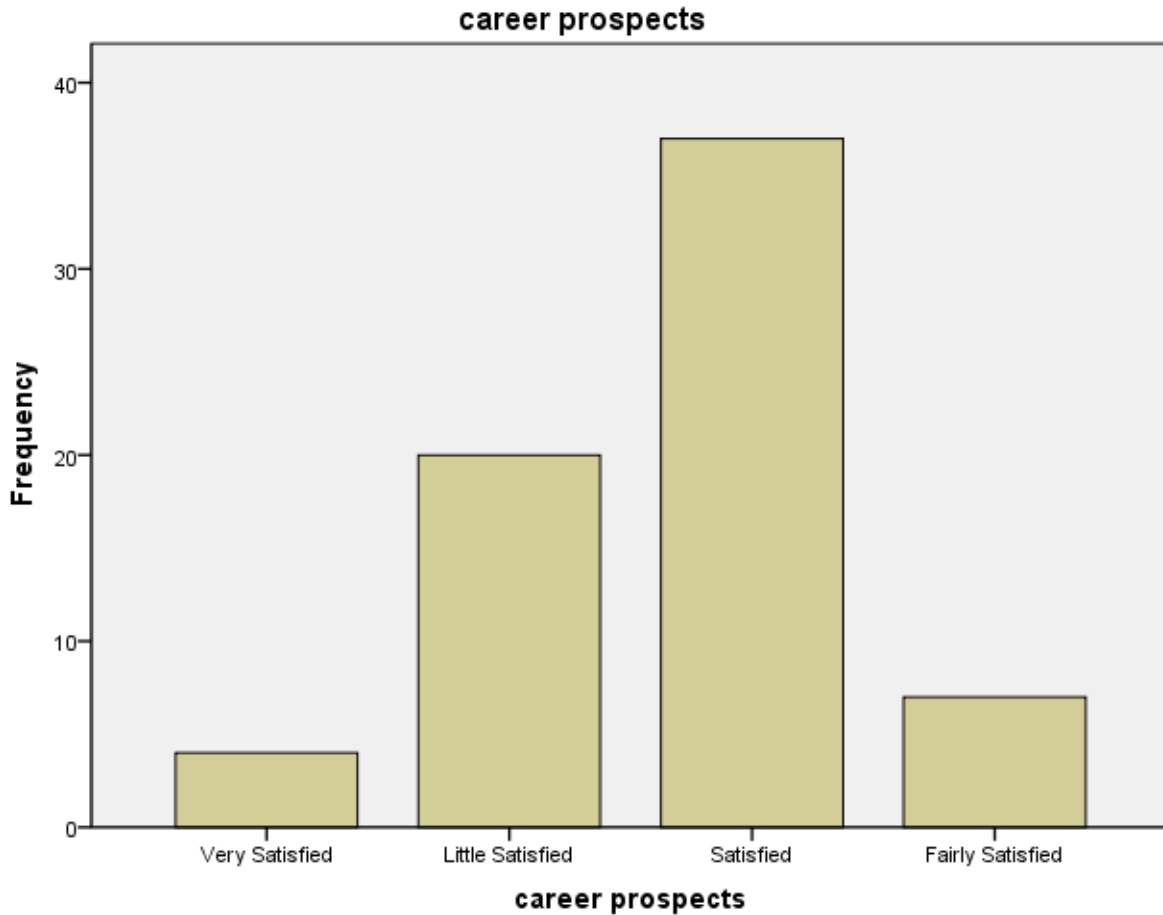
**Rotated Component Matrix<sup>a</sup>**

	Component	
	7	8
career prospects		-.114
job satisfaction priority	.306	
holistic job	-.136	-.285
conflict resolution		
development opportunities	.134	
ability utilisation	-.191	
input sharing	.237	
skills optimisation		.190
learning opportunity	-.106	
initiative empowerment		
variety in job	-.168	-.198
task voice	.119	-.251
pace setter	.225	
empowerment	-.273	.196
satisfaction of working day		
training on job		
work plan design	.249	
work balance		.185
communicate time	.203	.124
time optimisation	-.216	
timely information	.104	
conflicting orders		
Work flexibility	.726	-.210
physical work conditions	.577	
work speed requirement	-.142	.904

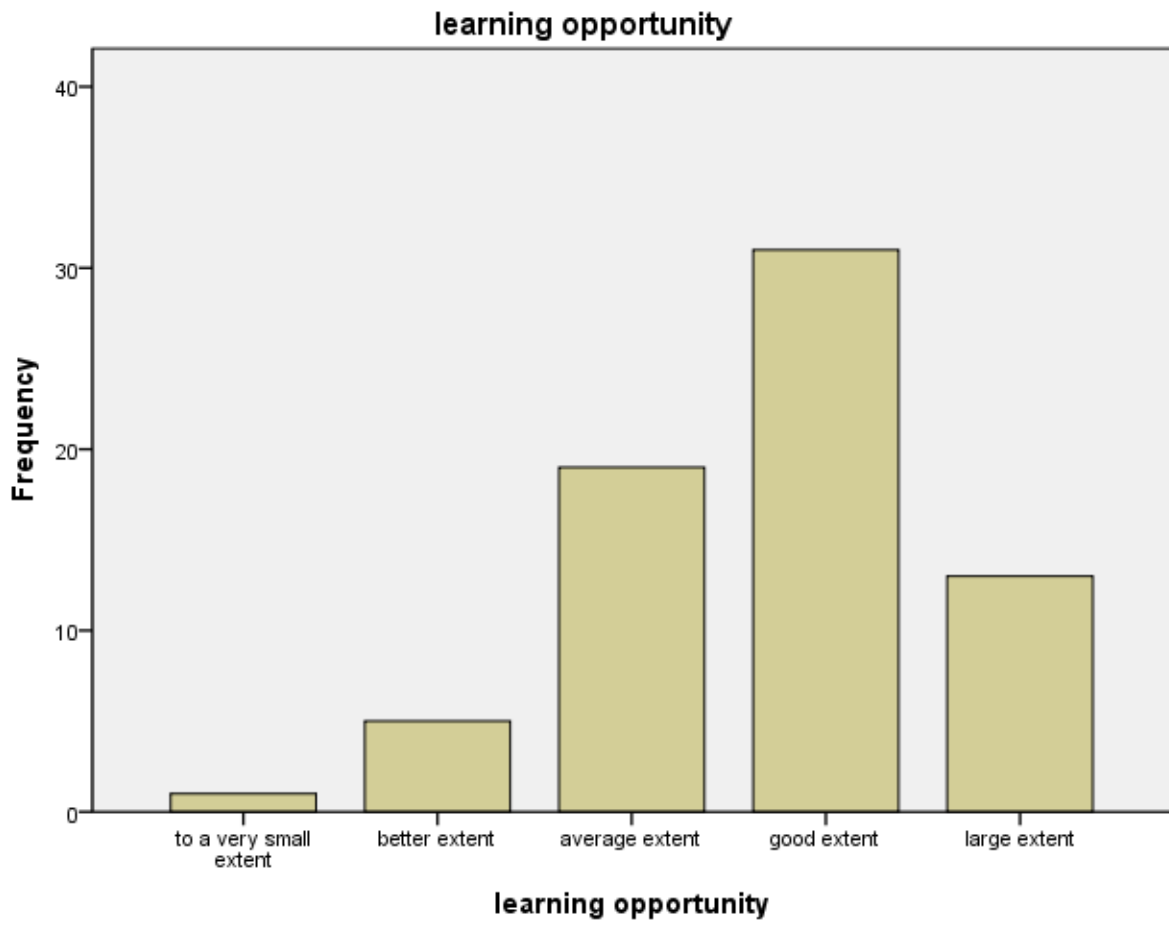
Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 8 iterations.

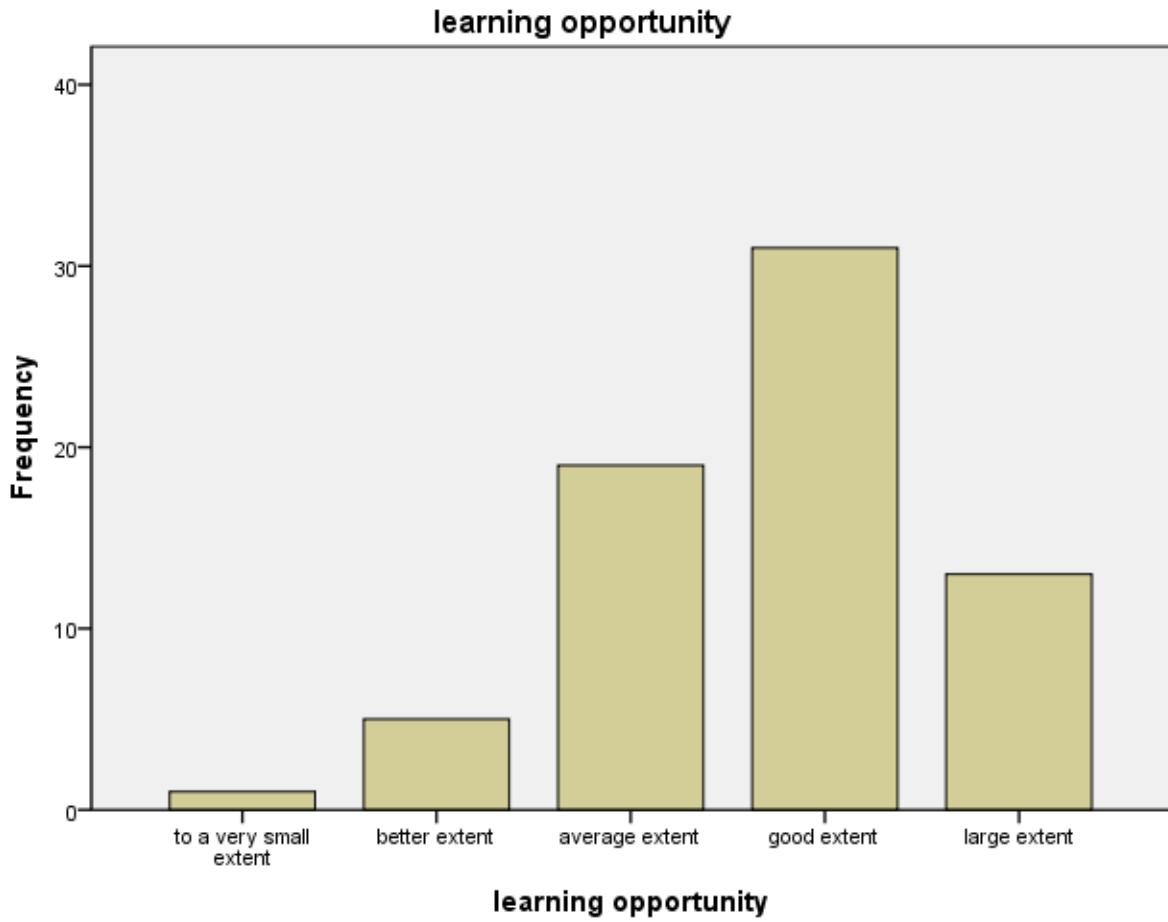
Frequency Charts

The Frequency Charts computed on the basis of the responses of the respondents are reproduced below.  
Factor1- Career and Job satisfaction depicts an average frequency.

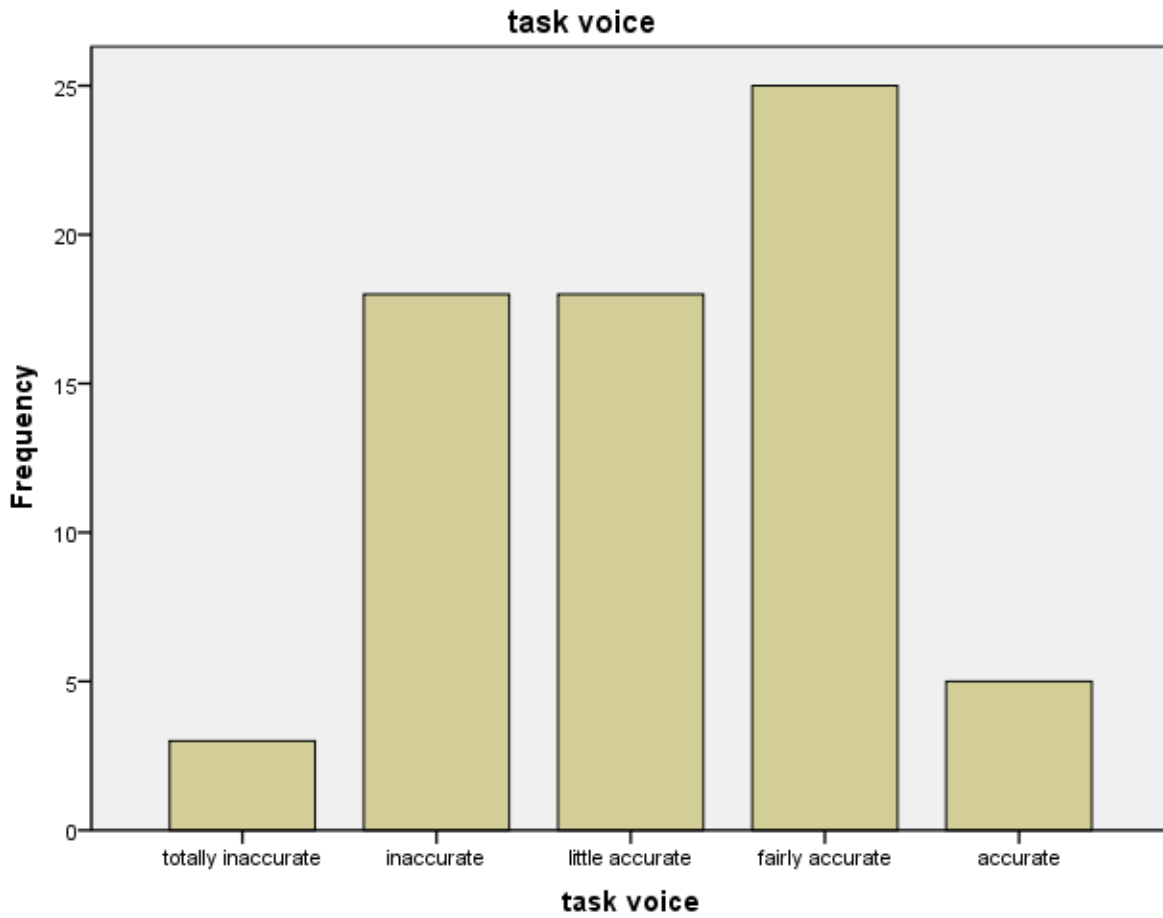


Factor 2- Learning and Initiative depicts a satisfactory level



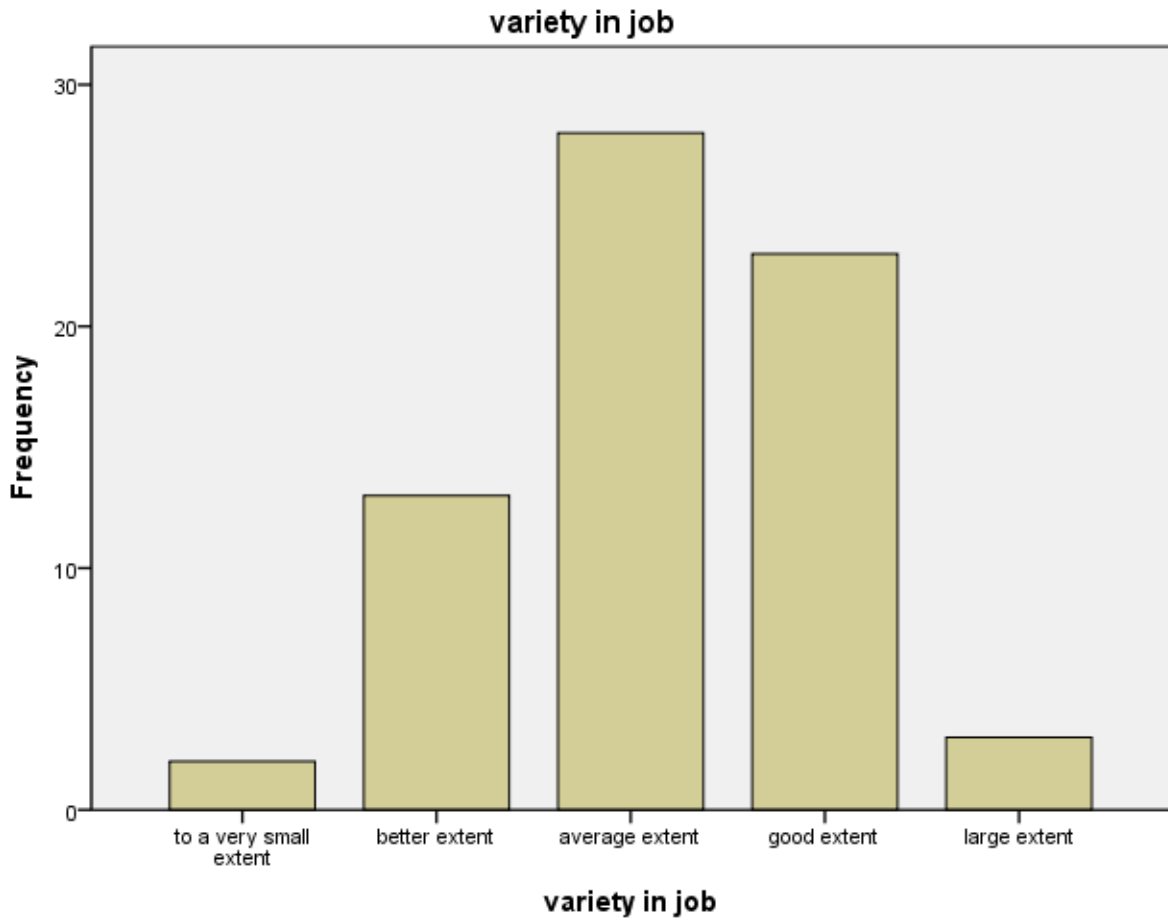


Factor 3- Empowerment depicts a fairly accurate voice in the tasks of the respondents

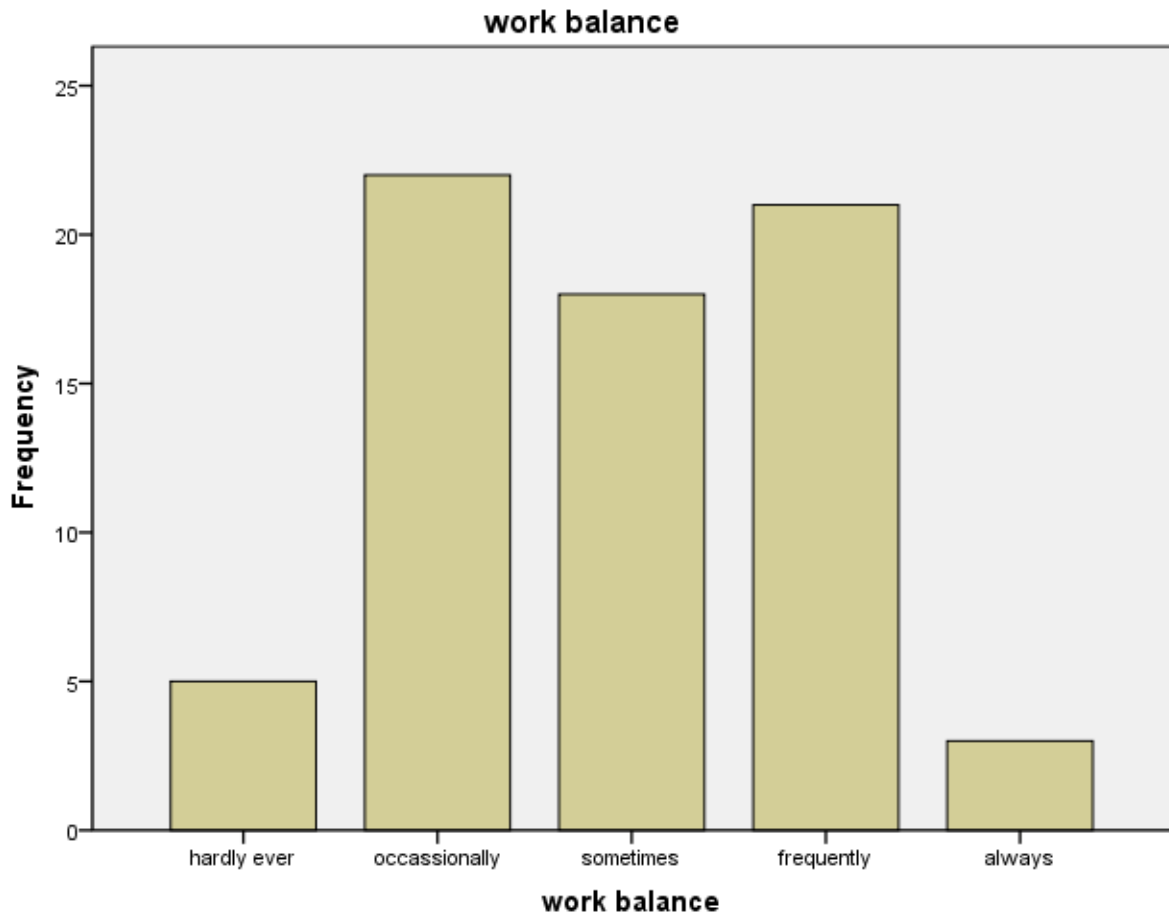


Factor 4- Work Design and Variety depicts a good extent of design and variety in the jobs allocated





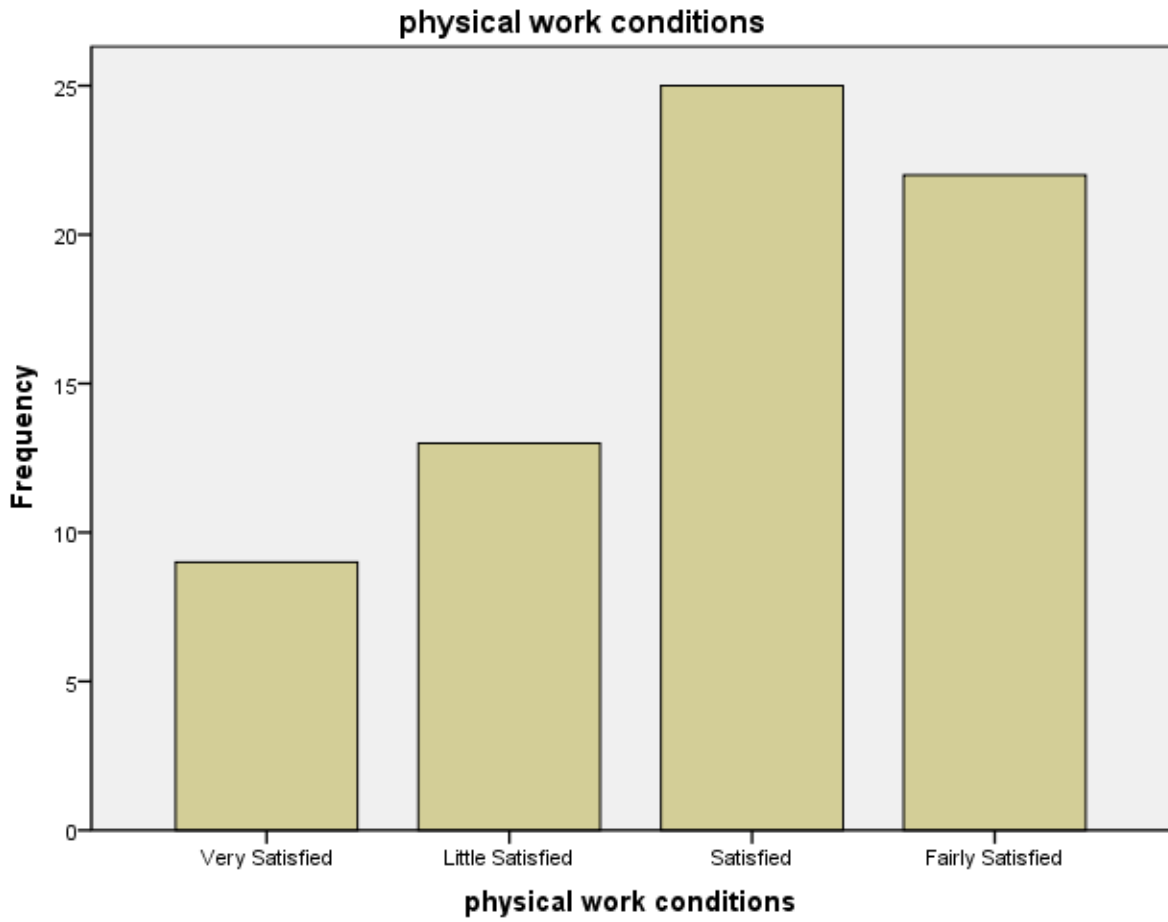
Factor 5- Work balance depicts an average frequency of balance maintained



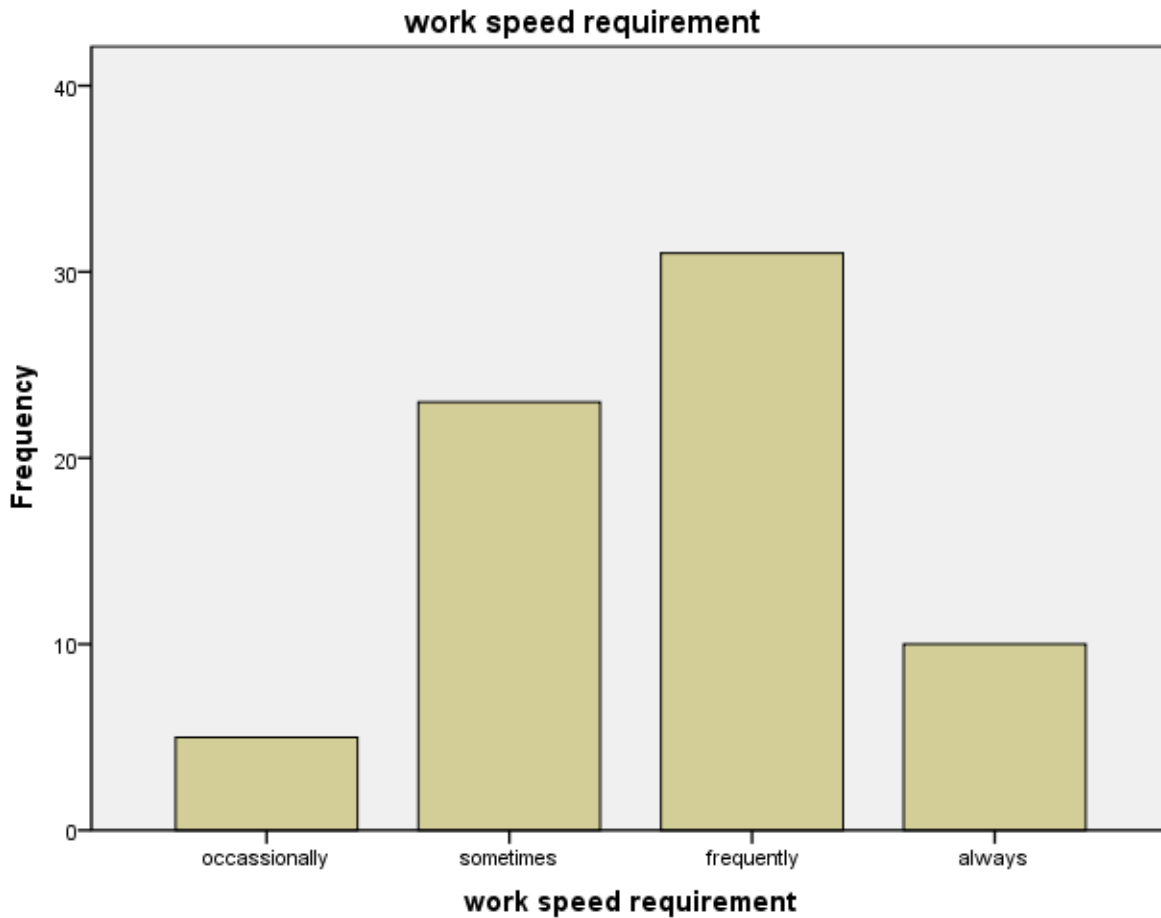
Factor 6- Training depicts a fairly low frequency of undertaking these programmes



Factor 7- Physical work conditions depicts a satisfactory level of the same



Factor 8 – Work Speed which depicts a high frequency level



## VI. DISCUSSION

Having an MBA is perceived by many as a passport to senior managerial levels and fast track career. Prospective students are typically concerned with acquiring managerial competencies quickly and efficiently and thus leapfrogging peers and improving career prospects. In the above study too, except the factor of training, where the extension of the same is fairly low, as perceived by the respondents, the satisfaction levels of all other parameters of job satisfaction, career, empowerment, work design and variety in the job, work life balance, physical working conditions and work speed appear to be fairly good. Hawksley (1996) reported that the most cited reasons (88%) for undertaking an MBA was improving job opportunities. Asher (1984) studied graduates of four leading business schools in the early 1980s. In that study, the reasons most frequently cited by candidates for undertaking the MBA course were improved job opportunities, followed by a push to change career direction, obtain general business knowledge, experience intellectual stimulation, improve earning and self confidence. MBA degrees are perceived as a ticket to increased salary, enhanced career progress, advance knowledge and skills and a prerequisite for upper managerial ranks. Luker, Bowers and Powers (1989) have also cited attaining long term career objectives, including opportunities for advancement and remaining competitive in the labour market as important motivators. The findings of this study corroborate with the above models. Employees today keenly

desiring to leverage their career destinations and positions are increasingly convinced of the need to pursue higher education in the form of an MBA. This has been an established strategy to enhance their career success. (Dreher & Ryan, 2002; Simpson, Sturges, Woods, 2005). The analyses of the responses and the informal interviews with the respondents by the researcher, who also taught them, revealed a passion and a sense of burning ambition among the students to rapidly climb the career ladder and thus interrupt their working life with an education intervention in the form of an MBA. Employability is another driver influencing the respondents to quit their jobs in the IT and Manufacturing to pursue an MBA.

## VII. MANAGERIAL IMPLICATIONS

From the above discussion and analyses, it may be recommended to the human resource and the top management, about the paradigm shift of the young Gen Y towards enhancing their employable skills. The top management and the HR professionals should learn to facilitate an environment where training, learning and an intermittent tuition reimbursement for an MBA or a related course in higher education must be certainly introduced. It may be recommended to the top management and the HR professionals that young Gen Y should be given work environment which is driven by innovation, job rotation, continuous learning, intensive training, conducive physical working conditions and a good balance of work and life.

### VIII. CONCLUSION

The findings of this research show that in order to retain talented employees and drive better performances and loyalty from employees, organizations need to be sensitive to the burning career aspirations and growth ambitions of the employees. Organizations need to focus of policies and culture in their environment which promote and allow sabbaticals for employees to pursue their MBA and similar education aspirations. Although employee engagement practices and facilitation of a work atmosphere which is conducive for employee performance are being focused upon by organizations, these do not guarantee job satisfaction and career satisfaction from an employees' perspective. Career satisfaction is identified as an important factor in deciding whether or not to stay in the organization. (March and Simon, 1958). In recent years, many organizations have learnt that in order to survive in a world which is changing very fast with new technologies, employee education is essential for new types of jobs and new forms of working which requires a different combination of skills.

### IX. LIMITATIONS

The limitation of this study is that it was confined to a population of one management institute only. The study attempted to measure factors only related to affective and effective behaviours of the ex employees who are now students. Another limitation of his study is that only those who wish to pursue MBA were considered as respondents and their responses were measured. There are many other courses of higher education which are being pursued by employees as a full time activity in order to enhance their skill levels and their career prospects. Such studies are not included in this research.

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