

RESEARCH BRIEFS

DO HAPPIER EMPLOYEES *REALLY* STAY LONGER?

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RESEARCH QUESTIONS

How likely is it that any employee at any given time will elect to say “take this job and shove it?” This is the principal question when it comes to the study of voluntary turnover in organizations, which is a perennial problem across industries and in both good and bad times. This is especially true in the service sector, where high turnover rates in areas such as retail and fast food of 100-200%—or more—have a significant impact on the ability of the organization to both deliver quality services to their customer (Babakus, 2011; Slåtten, et al., 2011) and profits to their investors (Gaur et al., 2005).

Consequently, it may come as a surprise to those outside of the human resources field that while more satisfied employees tend to be less likely to voluntarily leave their jobs, no one has empirically examined whether the power of such satisfaction as a predictor of turnover truly changes over time. Likewise, many of us have found ourselves staying in unsatisfying jobs and in organizations that we may not necessarily feel an affinity for. Nevertheless, we remain anyway due to factors that somehow “embed” us in our job—such as having skills that will not transfer out of the organization, having relationships with our colleagues and supervisors, and having “ties that bind” us to the job and the organization. This final category can include factors including, but certainly not limited to, financial benefits (like health insurance or pension plan vesting), personal benefits (like vacation time), and symbolic benefits (like a plush office or a premium parking space). Taken together, “job embeddedness” has also been shown to be a strong predictor of voluntary turnover, and yet, no research conducted to date has explored how this relationship might change over time.

And so, a recent groundbreaking study looking at how both job satisfaction and job embeddedness might change over the course of time is particularly welcome. Conducted by Brooks Holtom (Georgetown University), Simon Tidd (University of Texas at Austin) as well as Terence Mitchel and Thomas Lee (University of Washington), the study sought to

examine the temporal aspects of the relationship between job satisfaction, job embeddedness, and voluntary turnover. Specifically, Holtom and his colleagues sought to determine whether the likelihood that an employee would leave a job on his or her own would actually decrease over time, making these stronger “ties that bind” one to his or her job as the years pass.

STUDY DESIGN AND METHOD

To conduct their research, Holtom and his colleagues used a longitudinal design. They surveyed 240 employees of a retail bank in central United States annually for three years to assess both the employees’ job satisfaction and their job embeddedness. While it would have been ideal to track employee attitudes from their start with the bank and then annually thereafter to more accurately measure the temporal impact of their feelings toward their job and their connection with the organization on their individual decision to stay or go, it was far more practical to survey all employees. This provided for a larger sample in the process and allowed Holtom and his colleagues to use a control variable to take into account the length of time an employee had been on the job prior to the three-year survey period.

To further put the focus on the relationship between job satisfaction and embeddedness as causal forces in voluntary turnover, Holtom and his colleagues also controlled for outside factors that would cause an employee to stay with a job that he or she would otherwise choose to leave. Specifically, these controls included off-the-job embeddedness (personal factors that would make an employee be more “wedded” to his or her current position) and the local unemployment rate, which, when higher, would discourage employees from leaving their present position for another one. Even though just over half (121) of the bank’s 240 employees left the organization during the three-year survey period, the bank did not have an unusually high rate of either voluntary (43%) or involuntary (read, termination) turnover (7%).

KEY FINDINGS

The study found that more satisfied employees and more “embedded” workers were less likely to leave, with this relationship strengthening over time. Put simply, there was, as expected, an inverse relationship between both job satisfaction and job embeddedness and voluntary turnover. Quite significantly however, by measuring these effects over the three-year study period, Holtom and his colleagues found that the strength of this correlation increased the longer an employee remained with the organization.

Holtom and his colleagues did acknowledge that the design of their study had four significant limitations. First, while the cooperation of the bank and its supervisors (who actually administered the survey) was key in providing the data for the study, the survey focused on a single company and a single type of service, which limits the generalizability of the findings. Second, while Holtom and his colleagues focused on two leading factors influencing employee decisions to leave a position, these are not the only forces that come into play in voluntary turnover. Indeed, Holtom and his colleagues called for further research that takes into account the influence of other factors such as an employees’ organizational commitment, the degree to which the job actually met his or her expectations, and outside shocks that might increase the likelihood that employees would decide to leave their jobs of their own accord. Third, Holtom and his colleagues acknowledged that their findings could be skewed by the fact that in this real organization, some employees made choices to quit their jobs before and during the three-year survey period. This may have resulted in a survey cohort with higher levels of job satisfaction and job embeddedness than employees in the bank overall.

Indeed, some disaffected bank employees left the company voluntarily before taking the first of the annual surveys, while others took the first and/or second surveys before quitting of their own volition before the three-year timeframe of the study was completed. Holtom and his colleagues concluded that these departing employees likely had higher levels of dissatisfaction and lower levels of embeddedness than those who were employed for the entire three-year period. As a result, the range of the key predictive variables in the study could have been restricted in the survey sample. Nevertheless, Holtom and his colleagues expressed confidence that while this argument is intuitively sound, no such range limitation was found in their actual survey results. Finally, the fact that the study was only three years in length was a potential limitation

as well. While Holtom and his colleagues found strong correlations between higher employee job satisfaction and job embeddedness and lower voluntary turnover, there was no way of knowing whether the strength of these linkages would either continue to build, or conversely, wane, over longer periods of time.

CONCLUSIONS AND IMPLICATIONS

This study provides new insights on just what precipitates voluntary employee turnover. It showed that the relationship between voluntary turnover and how satisfied and/or how embedded employees are in their position is basically nonlinear. In essence, the relationships between these key employee attitudes and their decision to stay or leave the firm are dynamic and changing. At least for the three-year time span covered by the study, stronger emotional ties to the organization served to significantly lessen the likelihood that employees would leave.

While companies cannot—and would not want to—eliminate all turnover, reducing voluntary leaving will not only save money and managerial time, but enable the organization to offer better service to its customers. Consequently, Holtom and his colleagues urged companies to examine systematic ways they can go about helping new employees get through the first year while doing more to ensure that both they and longer-standing workers feel more connected to their jobs, their co-workers, and the firm. Companies that do so will likely see lower voluntary turnover both in the initial and subsequent years of employment. That said, it remains unclear whether these ties that bind will increase or wane over longer periods than the three-year time frame of the study. However, it is fair to say that the research conducted by Holtom and his colleagues is noteworthy in highlighting that employees’ concepts of why, when, and how they might leave their positions are dynamic and changing. So companies should take steps to proactively retain their human capital and enable empowered employees to choose to stay with the firm. Doing this should reduce the risk that employees will tell their bosses, as the song so bluntly puts it, “to take this job and shove it!”

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