

Work Satisfaction, Work Performance, and Organization Tenure Considered as Predictors of Employee Turnover

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Abstract

A two-year field study provided the data on work satisfaction, work performance, and tenure with the organization as predictors of employee turnover. A one-way multivariate analysis of variance (MANOVA) revealed significant differences among the turnover groups in terms of the predictor variables considered simultaneously.

Introduction

Few areas of applied business research have received as much attention as employee turnover (Cotton & Tuttle, 1986). In the past, the focus of much research was directed toward the influence of work-related attitudes, especially satisfaction, on turnover. While additional measures of affect, such as job involvement (Rabinowitz & Hall, 1977) and organizational commitment (Mowday, Porter, & Steers, 1982) have somewhat improved our knowledge of the turnover process, our understanding regarding why employees stay or leave remains limited.

Recently, McEvoy and Cascio (1987) demonstrated the importance of considering the role played by employee work performance on the turnover process. However, the results of their meta-analysis indicate the lack of clarity regarding the precise role of employee performance in the turnover process. In an attempt to further refine our understanding of the concept of turnover, the current study examines work performance, along with work satisfaction and tenure with the organization, as predictors of turnover.

Regarding the turnover concept, much of the previous research simply indicates whether or not an individual remains with the employing organization. Jackofsky & Peters (1983) propose that the examination of both interorganizational and intraorganizational mobility is required. Specifically, they distinguish between job and organizational turnover. Similarly, Jackofsky (1984, p.75) argues that "a distinction should be made between those who leave their organizations versus those who leave their occupations or the work force completely."

Following Jackofsky (1984), the current research distinguishes between intraoccupational and interoccupational mobility. This distinction involves whether the individual employee changes jobs but remains within the same occupation or changes both job and occupation. Two types of situational change are considered: 1) withdrawal from one's job while remaining within the same occupation (Intraoccupational Turnover); and 2) withdrawal from both one's job as well as occupation (Interoccupational Turnover).

Currently, the debate rages on regarding the relative importance of dispositional versus situational explanations for the determinants of job attitudes (Pervin, 1989; Staw, 1986). From a situational perspective, Interoccupational Turnover involves more change than Intraoccupational Turnover. The situational perspective predicts that changes in contextual factors, either primarily through job redesign efforts with the current job or as a result of turnover, are the most important determinants of job attitudes (Chatman, 1989). The overwhelming majority of situationally-based research has concentrated on the employee's current job status measuring structural factors such as job design, supervision, pay, and goals as determinants of job attitudes (Davis-Blake & Pfeffer, 1989).

However, research on the situational approach has somewhat neglected the conditions of maximum situational change, for example, when an employee changes jobs or occupations. Thus, from a situational perspective, one would predict that increases in the magnitude of situation-

al change will lead to increases in the magnitude of attitudinal change (Staw & Ross, 1985). Specifically, in the present study, the No Turnover group represents no situational change, the Intraoccupational Turnover group represents moderate situational change, and the Interoccupational Turnover group represents maximal situational change.

Work Performance

The prominent role of work performance in the turnover process is becoming more widely recognized (McEvoy & Cascio, 1987). However, the relationship between performance, voluntary turnover or intent to turnover, and work-related measures of affect has produced unclear and conflicting results (Griffeth & Hom, 1988). For example, the "perceived alternatives" model (Jackofsky & Peters, 1983) assumes a positive relationship between performance and voluntary turnover. Under this perspective, high performers will withdraw more frequently than low performers because they have more alternative opportunities.

Alternatively, Dreher (1982) and Spencer and Steers (1981) have proposed a "contingent rewards" model. This approach posits a negative relationship between performance and voluntary turnover. The rationale underlying this approach involves the fact that many organizations attempt to retain more proficient employees by differentially rewarding high performers (Lance, 1988). Conversely, minimal efforts are made to retain poorer performers, thus encouraging them to leave.

Previous research has identified the highly programmed, bureaucratic nature of work in the current field setting (Wright, 1990). Similarly, the lack of reward systems to retain proficient employees is noteworthy. For example, neither job enrichment, "speed-up" promotional opportunities or merit pay systems are used in this organization. Thus, since no attempts are made to differentially reward higher performance, a positive relationship between performance and voluntary employee turnover is predicted.

Work Satisfaction and Tenure

The work-related correlate, satisfaction, along with the personal correlate, tenure, as predictors of turnover have been studied extensively (Mobley, Griffeth, Hand, & Meglino, 1979). In general, employees with low levels of work satisfaction are more likely to turnover than employees reporting high levels of work satisfaction (Mowday, Porter, & Steers, 1982). Similarly, tenure has been demonstrated to be negatively related to turnover (Cotton & Tuttle, 1986).

Although work satisfaction and tenure typically explain only a small portion of turnover movement, this study

shows that the combination of work satisfaction, work performance and tenure yield a highly predictive model of turnover.

Research Hypotheses

The current research examines three basic research hypotheses:

Hypothesis 1: The three turnover groups will differ in terms of work satisfaction. Specifically, the No Turnover group will score highest, the Intraoccupational Turnover group will obtain intermediate scores, and the Interoccupational Turnover group will score lowest on work satisfaction.

Hypothesis 2: The three turnover groups will differ in terms of work performance. Specifically, the No Turnover group will obtain the lowest, the Intraoccupational Turnover group will obtain intermediate ratings, and the Interoccupational Turnover group will obtain the highest work performance ratings.

Hypothesis 3: The No Turnover group will exhibit the greatest level of tenure, the Intraoccupational Turnover group will have an intermediate level of tenure, and the Interoccupational Turnover group will have the lowest level of tenure.

Method

Subjects and Procedures

The subjects for this study consisted of 109 public sector social welfare supervisory staff personnel employed by a major city in a large metropolitan area on the West Coast. The subjects are representative of the organization's population in that they are primarily male (78%), and all have completed at least two years of college. The mean age of this sample was 40.82 yr. (SD = 8.43). The mean job tenure was 11.42 yr. (SD = 6.77). Further discussion regarding the organization is inappropriate since anonymity regarding the specific organization was guaranteed as a condition of receipt of the performance evaluations. However, it is appropriate to consider a social welfare occupation (Holland, 1973) as one in which the customer is referred to as a "client".

Measures of work satisfaction and work performance were obtained at the beginning of the two year study contemporaneously for the three employee groups: No Turnover, Intraoccupational Turnover, and Interoccupational Turnover. Determination of employee turnover was made through periodic conversations with administrative personnel and subsequent examination of the company's personnel files. The two year time period was determined, a priori, based upon turnover data supplied by the organization. While there is no universally acceptable

time frame for the prediction of employee withdrawal, Lee and Mowday (1987) suggest that the appropriate time intervals between surveys in field research may depend on the characteristics of the particular organization being studied.

In the present study, administrative personnel estimated the average rate of turnover at between 15-20%. Given these estimates, the length of the study was set at two years to ensure that a sufficient number of employees would have withdrawn from their initial job. In fact, 34.9% of the employees changed jobs over the appropriate two year period, approximately 17% per year.

Measures

Work Satisfaction was examined through the use of a three item scale, each item measuring a dimension of the satisfaction construct. Following Smith, Kendall, and Hulin (1969), the three dimensions involved: degree of satisfaction with the work itself, degree of satisfaction with co-workers, and degree of satisfaction with supervision. Each of the items used a five point scale ranging from "very unsatisfied" to "very satisfied".

Work satisfaction can be measured either globally or dimensionally. Global measures refer to general satisfaction while dimensional measures refer to satisfaction with specific facets of work. The relative merits of each approach have been widely examined (Price & Mueller, 1986). Similarly, the appropriateness of combining facet measures into an overall or general measure has been discussed in great detail. Regarding empirical justification for combining facet measures into a global construct, the basis can be primarily found in the level of obtained internal consistency coefficients among the dimensions. In the present study, a Cronbach's coefficient alpha of .77 was established, justifying the combination of the three items into an overall satisfaction score.

Organization Tenure. Through access to the company's personnel files, employee tenure with the organization was determined. For the Turnover groups, tenure was found by subtracting the employee's first day of employment with the organization from the last day of service. For the No Turnover group, tenure was identified by similar means. Specifically, the employee's first day of employment with the organization was subtracted from the concluding date of the field study.

Turnover has been calculated in a number of ways (Price, 1977). By definition, in the present study, turnover involves only voluntary withdrawal from the organization. The importance of distinguishing between voluntary and involuntary turnover has been well delineated (Jackofsky, 1984). Information obtained from the organization's personnel department was used to confirm that the employee did, in fact, voluntarily withdraw.

Jackofsky (1984) argued the importance of distinguishing between those who leave their job, organization, or occupation. To operationalize and test the occupational distinction, Holland's (1973) framework was used. Holland identified six classification types: realistic, investigative, social, conventional, enterprising and artistic, for categorizing 456 occupations. The social workers in this study fit into the social welfare occupational grouping of the social type.

This classification scheme was used to further distinguish between Intraoccupational and Interoccupational Turnover. Specifically, Intraoccupational Turnover was defined as job movement within the relevant occupational grouping (i.e., social welfare). Interoccupational Turnover involved movement to any job external to the targeted occupational grouping (i.e., outside social welfare).

Work Performance

Performance was measured through the use of supervisory ratings. A panel of experts, composed of three departmental administrators highly familiar with both the work as well as workforce, unanimously identified four dimensions of performance relevant for the supervisory personnel sampled. These four dimensions -- support, goal emphasis, team building and work facilitation -- were measured using a five-point scale ranging from "never" to "always" regarding the extent that the employee emphasized a particular dimension.

The four items, each examining a separate dimension were summed to form an overall, aggregate measure of performance. For a further discussion pertaining to the rationale for the use of these dimensions, please see Wright (1990). Cronbach's coefficient alpha for this measure of performance was established at .92.

These three administrators were informed that the ratings were being collected for research purposes only. By mutual agreement with the research team, the ratings were to be kept confidential and not shown to anyone within the organization. The administrators were informed that they should rate only those employees who had been under their supervision long enough to allow for accurate performance ratings. Following Avolio, Waldman and McDaniel (1990), the administrators were instructed to base their evaluations on typical performance rather than salient incidents (either positive or negative).

Results

Descriptive statistics for work satisfaction, work performance and tenure are presented in Table 1 for each of the three employee groups. The Pearson correlations among work satisfaction, work performance and tenure

TABLE 1
Descriptive Statistics

Variable	Mean	SD	N
No Turnover			
Work Satisfaction	10.72	2.13	71
Composite Performance	12.44	4.33	71
Tenure	13.35	6.19	71
Intraoccupational Turnover			
Work Satisfaction	10.55	2.14	20
Composite Performance	14.05	4.56	20
Tenure	8.75	4.90	20
Interoccupational Turnover			
Work Satisfaction	8.50	2.38	18
Composite Performance	15.06	4.11	18
Tenure	6.78	7.71	18

were not found to be significant.

A one-way ANOVA was used to test the hypothesis of equal work satisfaction means across the three populations. The F-test indicated significant differences across groups ($F = 7.63$; $df = 2, 106$; $p = .0008$). From Table 1 one can observe that there is a negative relationship between work satisfaction and turnover with the Interoccupational Turnover group showing the least amount of work satisfaction prior to turnover and the No Turnover group showing the greatest amount of work satisfaction.

Planned pairwise comparisons for work satisfaction revealed a significant difference between the No Turnover and Interoccupational Turnover groups ($t = 3.87$; $df = 106$; $p = .0002$) and a significant difference between the Intraoccupational and Interoccupational Turnover groups ($t = 2.91$; $df = 106$; $p = .0045$). No difference between the No Turnover and Intraoccupational Turnover groups was detected ($t = .30$; $df = 106$; $p = .7601$).

Similarly, a one-way ANOVA was used to test the hypothesis of equal work performance across the three populations. The F-test indicated significant differences across groups ($F = 3.13$; $df = 2, 106$; $p = .0478$). From Table 1, one can observe the positive relationship between work performance and turnover.

Planned pairwise comparisons for work performance revealed a significant difference between the No Turnover and Interoccupational Turnover groups ($t = 2.29$; $df = 106$; $p = .0041$). No difference between the No Turnover and Intraoccupational Turnover groups was detected ($t = 1.47$; $df = 106$; $p = .1446$). Note, however, that a one-tailed test of the proposed directional hypothesis would approach significance ($p = .0723$).

A one-way ANOVA was used to test the hypothesis of equal tenure across the three populations. The F-test indicated significant differences across groups ($F =$

10.15 ; $df = 2, 106$; $p = .0001$). From Table 1, we observe the predicted negative relationship between tenure and turnover.

Planned pairwise comparisons for tenure revealed a significant difference between the No Turnover and Interoccupational Turnover groups ($t = 3.98$; $df = 106$; $p = .0001$) and a significant difference between the No Turnover and Intraoccupational Turnover groups ($t = 2.91$; $df = 106$; $p = .0045$).

Finally, a one-way MANOVA was performed to compare the turnover groups in terms of work satisfaction, tenure, and work performance considered simultaneously. The overall test was highly significant ($\Lambda = .67$; $F = 7.79$; $df = 6, 208$; $p = .0001$). The first canonical correlation was found to equal .56, indicating the proportion of variance explained by the optimal linear combination of the dependent variables.

Discussion

The hypothesized relationships between work satisfaction, work performance and tenure with employee turnover were supported. Although work satisfaction and tenure typically explain only a small portion of turnover movement, the combination of work satisfaction, work performance, and tenure yields a highly predictive model of turnover, with the first canonical correlation found to equal .56.

More specifically, the present research allowed for the examination of individuals who moved to jobs that are quite dissimilar from the previous one (Interoccupational Turnover). The differentiation between intraoccupational and interoccupational mobility is often mentioned, but seldom examined (Jackofsky & Peters, 1983). The ability to distinguish leavers who take similar jobs in the same occupation from those who take different jobs in different occupations holds the potential for further developing a richer understanding of the causes of turnover (Mowday, Koberg, & McArthur, 1984).

Similarly, the merits of this distinction are evident for situationally-based advocates of job attitude determination, particularly for those emphasizing the effects of social information processing on attitudes and behavior (Salancik & Pfeffer, 1978). Specifically, Davis-Blake and Pfeffer (1989, p. 395) argue that since "most individuals tend to move through a series of relatively similar jobs that are either satisfying or dissatisfying," these individuals probably will remain in relatively stable social networks that "tend to stabilize attitudes." While a social information processing perspective was not the focus of this research, the results indicate that type of turnover could have important implications regarding an individual's attitudinal adjustment toward their new job.

Important implications regarding performance are evident at both the organizational and occupational levels. Specifically, the current distinction between intra/inter-occupational turnover allows for confirmation that a disproportionate number of the very best performers leave not only their initial job, but also the social welfare occupation itself. For instance, in the present setting, if turnover was limited to just those employees who withdrew intraoccupationally, no differences in work performance would have been found between the no turnover and turnover groups. Thus, the present turnover classification fosters the identification of a potentially serious turnover problem for not only this organization, but also the social welfare occupation.

Given this finding, the potential benefits of an incentive or merit-based reward system are clear. From a micro level of analysis, employee exodus from a specific job and/or organization can be quite serious. However, from a macro, or societal perspective, mass withdrawal of the best performers from an occupation, such as social welfare, could be catastrophic (Price, 1989).

Recently, McEvoy and Cascio (1987) indicated the growing interest regarding the relationship of employee performance to turnover. However, present models are ambiguous regarding the exact role of employee performance in the turnover process. While the present study found support for a positive relationship between employee work performance and turnover, future research needs to further define and refine the model.

For instance, writing over thirty years ago, March and Simon (1958) suggested that turnover was a function of the perceived desirability and ease of movement. From this "perceived alternatives" perspective (Martin, Price, & Mueller, 1981), high performance enhances employee ease of movement, leading to a positive relationship with turnover.

While examination of individual alternative employment opportunities was not a focus of the reported study, it bears further scrutiny. Future models of turnover

should include employee work performance as an important predictor variable.

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