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## *University of Minnesota*

### *Retention Study*

The goals of the Minnesota Retention Study are to better understand employee turnover and to provide organizations with information on how to reduce their turnover rates. The first-round of the study collected data on employees' attitudes at the beginning of their relationship with a new organization. These data serve as an important gauge of the first impressions that employees form of their new employers. As the study progresses, the extent to which subsequent turnover is related both to these initial impressions and to employees' evolving experiences on the job will be explored.

Four turnover-related attitudes, behaviors, and intentions are assessed in the first-round survey:

- New employees' **commitment to the organization**
- The degree to which new employees engage in work **withdrawal behaviors**
- **How long** new employees expect to remain with their organizations
- The degree to which new employees **intend to quit** within the next year

These four outcomes have been identified in the research literature as important precursors to actual turnover. By examining them early in the employment relationship and tracking them over time, useful information regarding the drivers of turnover will be provided.

The topics of focus for the study can be grouped according to the areas organizations may affect through their practices. Specifically, analyses are presented based on the following groups of variables related to human resources:

#### **Pre-Existing Conditions**

There are variables that organizations generally have to take as given because of legal or operational impediments. These include factors like the demographics of the

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<sup>1</sup> We would like to point out that our results are based on multivariate analyses—that is, they describe the relationship between the variables under discussion and the outcomes *once the effects of all the other variables have been accounted for*. This is a more rigorous approach than simply reporting the relationships between pairs of variables. For instance, age and income tend to increase together. However, older workers have had more time to become educated and to accumulate experience in the working world. As a result, any discussion of the age/income relationship must take into account experience and education. Our analyses follow this approach.

workforce, occupation-specific factors (e.g., teaching is simply a low turnover field compared to information technology), and the state of the external labor market.

- The first-round results show that gender, ethnicity, age, marital status, and having children are not consistently related to all four of the turnover-related outcomes we examined.
- However, employees' **perception of other job opportunities** in the market is strongly related to all four turnover-related outcomes. It was associated with lower commitment, fewer withdrawal behaviors, lower expected duration of employment, and greater expected probability of quitting.
- An individual's **occupation** is also related to work withdrawal, expected duration of employment, and intention to quit, although the effect varies with occupation.

### Recruiting Variables

Study participants were asked several questions related to recruiting, including how they found out jobs were available and how well the information received during recruiting matched what they actually were experiencing on the job. With respect to recruiting variables:

- The source of information about a job opening was not consistently related to any of the four outcome variables, except that those who found jobs through **professional networks** had higher expected durations of employment.
- The **match between prior expectations and actual experiences** on the job was significantly related to commitment, expected duration of employment, and intention to quit. Essentially, employees who found that their new jobs were similar to what they had heard before starting work were more committed and intended to stay with the new organization longer.

### Selection Variables

Relatively little prior research has explored the influence on turnover of employee personality, education level, prior experience, and whether they had worked previously in the same occupation. This is somewhat surprising given the frequent use of these employee characteristics in making hiring decisions.

- Employees who reported higher levels of **conscientiousness** (e.g., "I am always prepared," or "I pay attention to details") reported higher commitment and lower withdrawal.

- Employees who reported higher **neuroticism** (e.g., “I often feel blue,” or “I panic easily”) reported higher withdrawal behaviors and intention to quit.
- Variables related to education levels, professional experience, and history of previous job switches were not consistently linked with the turnover-related attitudes, behaviors, and intentions.

### “Hard” HR Variables

Having considered recruiting and selection related variables measures related to an organization’s pay and promotion systems are considered next. These are classified as “hard” HR variables because they deal with the quantifiable, economic features of the job.

- Those who **intend to pursue internal transfers** tend to be the same people who intend to quit their jobs altogether. This suggests that some employees who dislike their current jobs could be retained if alternative possibilities were available within the organization.
- In a related vein, those who are **satisfied with their promotion opportunities** also report lower intentions to quit and longer expected durations of employment.
- **Pay satisfaction** was negatively related to intention to quit, meaning those who were satisfied with their pay and benefits reported a lower likelihood of quitting their present job and finding a new job in another organization.

### “Soft” HR Variables

The final set of variables to be considered involves “soft” human resources variables, including interpersonal relationships with co-workers and supervisors and satisfaction with work tasks. Organizational commitment is also included as a predictor in this set of analyses. The results suggest that these intangible features of employee attitudes can be significantly related to turnover-related measures.

- There was a strong positive relationship between expected duration of employment and **organizational commitment**, and a strong negative relationship between commitment and both withdrawal and intention to quit. This supports previous research suggesting that employees who agree with their organization’s values and feel a strong sense of connection with their organization tend to be less likely to quit and more likely to exert their best effort on the job.

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<sup>2</sup> It should be noted that provisions of the Americans with Disabilities Act regarding discrimination against individuals with mental illnesses may limit employers’ ability to use this information in selection, since questions related to neuroticism are similar to questions on some depression diagnostic scales.

- **Satisfaction with work tasks** showed similar strong relationships with the four turnover-related outcomes. This suggests that those who enjoy what they do are less likely to withdraw from their jobs or quit.
- There were no consistent relationships between satisfaction with co-workers or supervisors and the four outcomes. However, these results are from very early in the employment relationship when most employees report positive first impressions of the people they have encountered at work.

Overall significant results were found for the relationships between turnover-related attitudes, behaviors, and intentions and human resources practices across all areas. This suggests that to make a large impact on the precursors to turnover, organizations will need to pursue a strategy linking *multiple component HR practices*. This corresponds to a growing body of research emphasizing an integrated approach to human resources management as opposed to focusing on individual selection, development, compensation, or employee involvement interventions.

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<sup>3</sup> In addition to the authors of this report, the research team includes Professors Connie Wanberg, Theresa Glomb, and Dennis Ahlburg, plus Aichia Chuang, a Ph.D. candidate in the Industrial Relations Center.

<sup>4</sup> Our approach, known variously as survival analysis or hazard modeling, involves predicting the time between an event (e.g., turnover) and the “onset of risk” for the event (e.g., the start of employment).

<sup>5</sup> E.g., factor analysis and computation of Cronbach’s alpha.

<sup>6</sup> Throughout this report each organization has a consistent identification number, although the position of each organization will vary from chart to chart.

<sup>7</sup> Published by South-Western College Publishing. Cincinnati, Ohio. The original model appears in graphical form on page 108 of that book.

<sup>8</sup> Mowday, R.T., Steers, R.M., & Porter, L.W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224-247.

<sup>9</sup> These are not included in the model of organizational commitment. As shown in Figure 2, the direction of causality between satisfaction and commitment cannot be captured in a cross-sectional regression model. More sophisticated models are possible, although for this report we did not develop them in the interest of brevity. Similarly, we do not include withdrawal behaviors in the models for expected duration and intention to quit, due to possible interactions between the outcomes and the predictor.

<sup>10</sup> A quick note on the statistics—rather than discussing the *size* of the effect of a variable on our outcomes, we follow common practice and discuss its *significance*. Significance is measured in terms of p-values, with smaller values indicating a higher level of significance. A p-value between .05 and .10 indicates a marginally significant relationship; between .01 and .05, a moderately significant relationship; and less than .01, a highly significant relationship.

<sup>11</sup> See, for example, Wanous, J.P. (1992). *Organizational entry: Recruitment, selection, orientation, and socialization of newcomers* (2<sup>nd</sup> Ed.). Reading, MA: Addison, Wesley.

<sup>12</sup> Taken from Breugh, J.A., & Mann, R.B. (1984). Recruiting source effects: A test of two alternative explanations. *Journal of Occupational Psychology*, 57, 261-267.

<sup>13</sup> The International Personality Item Pool is online at <http://ipip.ori.org/ipip>.

<sup>14</sup> We report this latter result even though, as a group, the personality variables do not significantly impact intention to quit.

<sup>15</sup> This was true even when pay satisfaction was omitted from the regression models.

<sup>16</sup> It should be noted that provisions of the Americans with Disabilities Act regarding discrimination against individuals with mental illnesses may limit employers’ ability to use this information in selection, since questions related to neuroticism are similar to questions on some depression diagnostic scales.

## ***Future Rounds of the Study***

With only one round of data there are already a number of important patterns appearing in the data. When the second round of data collection is completed, the true strength of the survey design will come into evidence, as *changes* in the critical variables of interest and their subsequent effect on actual behavioral outcomes of turnover are assessed.

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<sup>viii</sup> See, for example, Wanous, J.P. (1992). *Organizational entry: Recruitment, selection, orientation, and socialization of newcomers* (2<sup>nd</sup> Ed.). Reading, MA: Addison, Wesley.

<sup>ix</sup> In the case of organizational commitment, the second-to-last line.

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<sup>17</sup> It should be noted that provisions of the Americans with Disabilities Act regarding discrimination against individuals with mental illnesses may limit employers' ability to use this information in selection, since questions related to neuroticism are similar to questions on some depression diagnostic scales.