



Enhancing precision in the prediction of voluntary turnover and retirement

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ARTICLE INFO

Article history:

Received 13 July 2010

Available online 9 November 2010

Keywords:

Turnover

Retirement

Reenlistment

Job satisfaction

Job alternatives

Organizational commitment

Job embeddedness

ABSTRACT

The present research examines the differential validity of the facets of organizational commitment and job embeddedness to predict who will reenlist or retire from a branch of the armed services. We tested hypotheses with survey data from 1839 enlisted personnel in the U.S. Air Force. For personnel facing the decision to reenlist or separate, continuance commitment and organizational job embeddedness predicted reenlistment. For those eligible to retire, affective and normative commitment as well as organizational job embeddedness predicted who would reenlist rather than retire. However, unlike previous studies, for both criteria (reenlistment and retirement), people who were more embedded in their communities were more likely to voluntarily leave. This finding identifies an important boundary condition for job embeddedness theory.

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The attraction, development and retention of skilled employees are critical issues for all types of organizations—whether for profit, not for profit, or governmental. The key knowledge, skill and ability requirements may vary from one organization to another but all rely on human capital to accomplish their organizational missions effectively (Ulrich & Brockbank, 2005). However, predictors of voluntary turnover that generalize across all, or even most contexts, have been elusive for researchers (Maertz & Campion, 1998), and there is much that yet needs to be known about the antecedents of turnover in *specific* contexts (Holtom, Mitchell, Lee, & Eberly, 2008; Maertz & Griffeth, 2004). The purpose of our research is to integrate four conceptual perspectives on turnover (job satisfaction, job alternatives, organizational commitment, job embeddedness) in a relatively understudied context (the U.S. military) and examine distinct types of turnover (not reenlisting and retirement).

Our major goals are to add theoretical and empirical precision to the understanding of voluntary employee withdrawal. One way to reach this goal is to be more specific on both the predictor and criterion sides of the equation. Specifically, we examine the strength of continuance commitment compared to affective and normative commitment in predicting turnover before and after retirement eligibility. Further, we explore how being embedded in a community may predict turnover and retirement in a context where relocation is likely.

Finally, we explore the practical implications of these findings because if organizations that can entice personnel to stay after retirement eligibility, they can dramatically reduce replacement and training costs (Fullerton, 2003). This is a pressing issue for many government employers, including the military. A large number of government agencies currently have pension plans that are not fully funded and face an increase in the number of employees that are eligible or will soon be eligible for retirement (Zorn & Brainard, 2006). Further, given that retirees are living longer, these factors will put additional demands on most pension systems. To put some perspective on this issue, consider that projections for 2012 estimate that 20% of the U.S. workforce will be 55 years or older up from 13% in 2000 (Wang & Shultz, 2010).

We will first review the voluntary turnover literature with a focus on the different types of voluntary turnover that may occur. That is, we will start with an examination of the turnover criterion. We then discuss a number of predictor variables and their ability to predict different types of departure. We then test these variables in the context of the U.S. Air Force.

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Theoretical development

Understanding the turnover criterion

A unique aspect of military service is the nature of the relationship between the employer and employee which clearly defines the period of employment contractually. This introduces predictable decision points for both parties. Further, given the significant penalties for early termination of contract, the likelihood of particular events precipitating leaving (e.g., what Lee and Mitchell (1994) describe as shock-driven turnover) at a time other than the conclusion of the contract is very low. Put differently, in the military context, though shocks may occur, there are significant contractual constraints on turnover such that more deliberate decision processes are likely to dominate the choice to leave the military.

There are two main ways to voluntarily leave the military. First, one can simply not reenlist at the end of a contract period. Second, one can wait to become fully vested (i.e., stay in the military for 20 years to become eligible for retirement benefits) and retire. It is important to note at this point that both separation by not signing a new contract (fail to reenlist) and retirement are understudied criteria in turnover research (Hom, Leong, & Golubovich, 2010).

While Hulin (1991) identifies retirement and voluntary turnover as related forms of withdrawal, Adams and Beehr (1998) argue that retirement should be treated as distinct. For this reason, Beehr (1986) has called for a better understanding of the individual and environmental factors specifically leading to retirement as a separate criterion. Additionally, many employees retiring from the military are relatively young and intend to pursue a second career after leaving. This fact further distinguishes this type of departure from traditional retirement models.

Understanding turnover predictors

In this study, we integrate four conceptual perspectives on turnover. Because comprehensive reviews of the turnover literature are readily available (Holtom et al., 2008; Hom et al., 2010; Maertz & Campion, 1998), we do not repeat them here. However, we do introduce them briefly below. The early work of March and Simon (1958) laid out the predictors that dominated the field for decades: *job satisfaction* (the desirability of movement) and *job alternatives* (the ease of movement). Maertz and Campion (1998) summarize their review by stating that these two predictors overwhelmingly dominate the research landscape.

Three decades of research on commitment demonstrates a clear link between *organizational commitment* and turnover (Porter, Crampon, & Smith, 1976). Further research by Meyer and Allen (1991) refined our understanding of organizational commitment and demonstrated that it is composed of three components (affective, continuance and normative). Each component is negatively related to turnover (Meyer, Stanley, Herscovitch, & Topolnysky, 2002). Further, research has shown that although job satisfaction and organizational commitment are positively correlated with each other, they are separate constructs (Meyer et al., 2002).

Finally, *job embeddedness* (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001) has recently been demonstrated to be both conceptually and empirically distinct from other traditional turnover predictors and related to turnover. There are three key components of job embeddedness (Mitchell et al., 2001). The first component is *fit*. Fit is how compatible the employee is with both the organization and the community. *Links* are the second component of embeddedness. These are the connections—both formal and informal—that an employee makes in both the organization and community. The final component of embeddedness is known as *sacrifice* and includes the perceived or real costs of leaving the organization and potentially leaving the community. In summary, job embeddedness captures the enmeshing effect of the six sub-dimensions discussed above (fit, links and sacrifice which apply to both the organization and community), each of which has been shown to be negatively related to turnover in prior research (Mitchell et al., 2001).

Turnover in the military

Hunt (1991) has noted that the military provides a rich setting for the study of human resource constructs due to its size, diversity of personnel and roles, as well as its global scope. During the course of a military career, an enlisted member has a number of decision points. Active members “enlist” or sign a contractual agreement with the Air Force for a set period of time (generally 4 years). At the end of the enlistment, the member may separate from the Air Force with no further obligation. The Air Force will move the individual (and family members) to the individual’s home of record at no charge. If the individual has accrued at least 20 years of active duty service, that individual may retire from the Air Force and receive 50% of his or her base pay per month for the rest of his or her life. If he or she chooses to remain in the Air Force, this retirement percentage increases by 2.5% each year until reaching a maximum of 75% at the 30-year point. Thus, the marginal utility of staying after 20 years is much lower than it is before that point. Indeed, the average officer retires at about age 45 (Kilpatrick & Kilpatrick, 1979). Two key issues that may affect whether people reenlist or retire are relocation considerations and pensions.

Relocation

Burrell, Adams, Durand, and Castro (2006) outline four reasons for leaving the military at 20 years or before: risk of service member injury or death; periodic absence from family; foreign residence; and frequent relocations. The latter three all involve extended absence from one’s home community. Cuba and Hummon (1993) provide evidence that a soldier’s being away from home is an important factor in turnover even when it does not require his or her family to relocate. Further, relocation has been shown to be linked to stress in civilian (Anderson & Stark, 1988; Reimer, 2000) as well as military populations (Burrell et al., 2006).

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