



# A sequential choice perspective of postdecision regret and counterfactual thinking in voluntary turnover decisions

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## ABSTRACT

We develop a theoretical framework for voluntary turnover decisions that captures employees' multiple turnover decisions. Our framework addresses both leaving and staying decisions in the voluntary turnover process in a continuous, sequential fashion, and we describe how past turnover decisions can leave "residuals" on future turnover decisions, thus influencing those latter decisions. In particular, we explain that employees make voluntary turnover decisions to achieve well-being, but may experience postdecision regret in the process if they negatively appraise their initial turnover decision. We therefore establish postdecision regret as an important antecedent in future turnover decisions and explain how employees try to manage it through counterfactual thinking and self-regulatory motivations.

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## 1. Introduction

Employee voluntary turnover, which represents an employee's discretionary decision to terminate the employment relationship (Dess & Shaw, 2001; Morrow, McElroy, Laczniak, & Fenton, 1999), continues to be a pressing issue for organizations across industries (Holtom & Burch, 2016; Hom, 2011; Hom, Mitchell, Lee, & Griffeth, 2012; Maertz & Griffeth, 2004). Not only is the voluntary turnover process complex and dynamic (Holtom, Mitchell, Lee, & Eberly, 2008), but it seems to be becoming a recurring feature of employees' work experience as many are making multiple turnover decisions throughout their career. As evidenced by the U.S. Bureau of Labor Statistics, which states that the median number of years that wage and salary workers have been with their current employer (i.e., employee tenure) was 4.2 years in January 2016, down from 4.6 years in January 2014, it is apparent that many employees are not staying with just one employer for work anymore. Hence, voluntary turnover is more processual than previously thought.

Our aim is to develop a theoretical framework for capturing the sequential nature of voluntary turnover decisions. We expect that when employees receive job offers, they will decide whether leaving their current employer for the new job or staying with him or her (and rejecting the new job offer), will be better in terms of their well-being. As suggested by Lazarus and Folkman (1987, p. 145), "humans, and other animals too, constantly evaluate what is happening to them from the standpoint of its significance for their well-being", and we believe that this evaluation occurs for voluntary turnover decisions as well. However, as employees make these types of decisions in pursuit of well-being, they are likely to experience setbacks and disappointments along the way. As Stewart and Vandewater (1999) point out, disappointments, mistakes, and even regret, are inevitable in adult life.

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Interestingly, whereas research has demonstrated a negative relationship with regret and psychological well-being (Gilovich, Medvec, & Kahneman, 1998) as well as physical well-being (Jokisaari, 2003), King and Hicks (2007) identify the importance of regret to maturing in one's life—with respect to having the capacity to acknowledge what is regrettable in life. Thus, it seems that regret plays a vital role in how employees cope with setbacks to well-being in their employment decisions.

Regret is an affective reaction to a negative decision outcome or process (Zeelenberg & Pieters, 2007). In terms of decision making, postdecision regret is a consequence of decision making under uncertainty (such decisions include purchasing goods, choosing a college to attend, marriage and divorce, having children, and whether or not to stay with a current employer or change jobs), where there is some kind of risk or potential loss involved, and may arise when individuals appear, after the fact, to have made the wrong decision even if the decision appeared to be correct at the time it was made (Bell, 1982; Tsiros & Mittal, 2000). As indicated by King and Hicks (2007), thinking about a “lost possible self” is associated with concurrent regrets, distress, and a decrease in well-being. Research suggests that professional career and education represent the two life domains for which people report the most severe regrets (Lecci, Okun, & Karoly, 1994; Roese & Summerville, 2005). In developing a sequential choice perspective of voluntary turnover, we propose that if employees negatively appraise their employment situation with respect to their initial stay or leave decision (Carmon & Ariely, 2000; Shipp & Jansen, 2011), they will experience regret related to the forgone (whether real or imagined, e.g., Tsiros & Mittal, 2000).

In comparing what they have with what they would have had if they made a different decision, employees experiencing postdecision regret are likely to think about what “might have been,” also known as counterfactual thinking (Roese, 1997). From the psychology literature we know that individuals cannot always wait for a repeated experience with an event (such as reaping the full consequences of a voluntary turnover decision) before drawing lessons from that event; employees may therefore rely on their imagination for decision-making purposes (cf. Morris & Moore, 2000). In addition, self-regulatory focus theory (Higgins, 1997, 1998), which asserts that individuals can develop distinct motivational orientations—a promotion or a prevention focus—that can impact the decision-making process, also plays a role in how employees manage postdecision regret (cf. Roese, Summerville, & Fessel, 2007). We expect employees' self-regulatory motivations to influence the type of counterfactuals produced, which in turn, have idiosyncratic effects on future turnover decisions. As such, we delimit our paper to the individual-level by focusing on employees who consider job offers as their prime alternative in turnover decisions. We view the decision-making process as continuous and believe that a past stay or leave decision can influence the next turnover decision (cf. Chen, 2008) as employees pursue well-being.

Our research contributes to the extant literature in three key ways. First, we contribute to the voluntary turnover literature by taking a sequential perspective of turnover decisions in order to better understand how employees navigate multiple job offers throughout their career. Hence, our model helps address longitudinal theorizing in turnover decisions (e.g., Duffy & Dik, 2013) by providing insight into the way in which regret can impact future turnover decisions. Second, we extend business-related research on regret, which has normally been addressed in the fields of marketing and economics, into the human resource management domain. We consider regret in decisions to stay and leave the organization (e.g., Donnelly & Quirin, 2006) and explain how a negative appraisal of a turnover decision can lead employees to experience postdecision regret. Third, we contribute to research on human functioning by describing how individuals can cope with postdecision regret through counterfactual thinking and motivational orientations as they pursue well-being in their career choices.

### 1.1. Well-being and postdecision regret of the stayer and leaver

“Human beings have pursued well-being since ancient times” (Zheng, Zhu, Zhao, & Zhang, 2015, p. 621). According to Aristotle in the *Nicomachean Ethics*, there are two perspectives on well-being: one is happiness-oriented (i.e., hedonism) and the other concerns realizing human potential (i.e., eudaimonism) (King & Hicks, 2007; Zheng et al., 2015). Hedonism entails the pursuit of pleasure and reflects well-being as the subjective experience of happiness. Eudaimonism on the other hand, entails fulfillment that comes from engagement in meaningful activity and reflects well-being as the result of personal achievement, self-actualization, or self-positioning (Ryan & Deci, 2001). Most current research on well-being accepts these two philosophical perspectives grounded in Aristotle's classic distinction between hedonism and eudaimonism (Zheng et al., 2015).

In the current research, we view voluntary turnover decisions as an important mechanism through which employees pursue well-being (in terms of both happiness and fulfillment) and recognize that there are many factors that have already been discussed in past turnover research (refer to Holtom et al., 2008 for a review) that fall under this type of pursuit. For instance, burnout as a factor of voluntary turnover decisions (Swider & Zimmerman, 2010) links to physical well-being while cognitive ability (Maltarich, Nyberg, & Reilly, 2010) could link to psychological well-being. In addition, contextual factors, such as pay practices and amount of job autonomy, could also be associated with happiness and fulfillment. Moreover, employees may leave their job for reasons such as assuming family care duties or relocating on a life partner's behalf (Eby & Russell, 2000; Shauman, 2010), which also links to their well-being—in this case, their well-being outside of work. As employees make voluntary turnover decisions with the hopes of achieving hedonism and eudaimonism though, there may be times when they feel that their career paths have not proceeded as they intended, thus, leading them to experience regret (Jokisaari, 2003).

Regret theory (Bell, 1982, 1983) suggests that learning about the outcome of a foregone alternative creates the possibility of experiencing the negative feeling of regret and people then anticipate this feeling before they make a decision and in doing so, shift their preferences to minimize the potential of experiencing regret again (Bell, 1983). Contrary to the maximization of expected utility model which asserts that people should make decisions that maximize their expected utility, or the weighted average of the possible outcomes' value, Bell (1982) demonstrated that some of the paradoxical behavior of decision makers is consistent

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