Proposed Framework to Investigate Perceived Alternative Job Opportunities as a Moderator on the Relationship between Job Embeddedness, Pay Satisfaction and Actual Voluntary Turnover

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Abstract
Globally, the issue of actual voluntary turnover is a phenomenon that hinders organisations from accomplishing objectives. While prior studies have examined several factors that elucidate why employees voluntarily quit their jobs, however, only a handful have made efforts to link job embeddedness and pay satisfaction. In fact the few, if any reported conflicting results. Hence, as a contribution, this paper proposes a framework that explores the relationship between job embeddedness, pay satisfaction and actual voluntary turnover with a moderating role of perceived alternative job opportunities among former faculty members in Nigeria.

Keywords: Actual voluntary turnover, job embeddedness, pay satisfaction, perceived alternative job opportunities

1. Introduction

For the past years, actual voluntary turnover (AVT) has become a subject of huge concern among practitioners and researchers of organisational behaviour (Allen, Bryant, & Vardaman, 2010; Hancock, Allen, Bosco, McDaniel, & Pierce, 2011) and still remains a phenomenon of widespread attention and interest (Hom, Mitchell, Lee, & Griffith, 2012; Huffman, Casper, & Payne, 2014; Law, 2010; Maertz, & Kmitta, 2012; Maynard & Parfreyanova, 2013). Despite the severe consequences created by it, employers globally are constantly facing increasing rate of actual voluntary turnover. For example, the latest statistical report from the USA Bureau of Labour Statistics revealed that about 25 million employees annually engage in actual voluntary turnover (Micelli, 2013). On same note, Von Hagel and Miller, (2011) pointed out that for every IT employee who leaves an estimated amount of between USD200,000 and USD250,000 is expended in recruitment and replacement of departed workers. Similar to the western nations, actual voluntary turnover is also a major concern for employers in the developing world. Nigeria as a developing country has also not been spared by this phenomenon (Mba & Ekeopara, 2012). Of recent the issue of high turnover in Nigeria’s higher educational institutions especially public university system has become a subject of discourse widely captured in the Nigerian media (Fatunde, 2013; Ojo, 2012). In the beginning, public universities in Nigeria laid justifiable claim to phenomenal influence on the economic and socio-political development of the country. These public universities compared and competed favourably with the best across the world (Abdulkarim, 2010;Ekundayo & Ajayi, 2009) and boasted of the best academic staff. But, unfortunately today, they are grappling with the challenges of high turnover (Abiodun-Oyebanji, 2012;Gbenu, 2014) and yet, only very little has been done.

2. Actual voluntary turnover (AVT)

Although it has been well over fifty six years since March and Simon (1958) presented their seminal work on turnover and that has spawned several research efforts. From the late 1950s to date, existing literature has reported well over 1,500 studies on employee turnover (Holton, Mitchell, Lee, & Eberly, 2008; Hom et al., 2012). Yet, the reviews of the literature indicated that very few studies have measured actual voluntary turnover (Hom et al., 2012; Morrell & Arnold, 2007). AVT refers to individuals exercising their free choice to voluntarily leave current employers in favour of opportunities with another (Davidson & Wang, 2011; Hardigian & Sangasubana, 2010). Rather most of the focus is on intent to leave (Allen, et al., 2010; Campion, 1991; Cho & Lewis 2012; Griffeth, Hom & Gaertner, 2000; Hancock et al., 2013; Kirshenbaum & Weisberg 1990), simply defined as individuals’ stated probability that they will change organisation within a certain time period ( Schyns, Torka, & Gössling, 2007). The argument for focusing on turnover intention was justified by Fishbein and Ajzen (1975.p. 369) who claimed that “the best single predictor of an individual's behaviour will be a measure of his intent to leave as proxy to perform that behaviour” (Griffeth et al., 2000; Van Breukelen, Van der Vlist, & Steensma, 2004).

But, studies that empirically explored the link between intent to leave and actual voluntary turnover found inconsistent results regarding the usefulness of intent to leave as a reliable proxy of actual voluntary turnover behaviour. Particularly, studies found that intent to leave limits our understanding of actual voluntary turnover
As stated by Kirshenbaum & Weisberg (1990), in addition, using intent to leave as a proxy seems to be a less reliable determinant than it is initially assumed in most turnover literature (Jung, 2010). Hence, the present study considers actual voluntary turnover as the endogenous construct. Due to the costly and pervasive posture of actual voluntary turnover, a number of factors have been suggested as its determinants. To date, some of the determinants include job satisfaction, organizational commitment, job stress, demographic, organizational factors (Harris & Adams, 2007; Hom et al., 2012; Law, 2010; Mobley, 1977). However, one of the key determinants found to influence actual voluntary turnover is job embeddedness (JE). However, one of the shortcomings of these studies is that it has neglected how JE might contribute to better understand and comprehend actual voluntary turnover at the workplace. Even if any, they are limited to the influence of JE among samples of healthcare workers (Crossley, Bennett, Jex, & Burnfield, 2007; Mitchell, Holtom, Lee, Sabhynski, & Erez, 2001), correctional officers (Bergiel, Nguyen, Clenney, & Taylor, 2009), and financial professionals (Allen, 2006; Felps, Hekman, Mitchell, Lee, Harman, & Holtom, 2009; Lee, Mitchell, Sabhynski, Burton, & Holtom, 2004) among others. Hence, there is a paucity of studies on the role of JE in the academia, with some exceptions of the study by Takawira, Coetzee, and Schreuder (2014). The present paper will be significantly different from Takawira et al. (2014) because their work mainly focused on turnover intention. Therefore, the present study addresses this gap by exploring the effects of job embeddedness on actual voluntary turnover among academic staff.

3. Job embeddedness (JE) and Actual voluntary turnover

Job embeddedness is a formative multidimensional construct (i.e., organizational and community embeddedness) described as the extent to which an employee is attached to a job, an organizational setting or immediate community via three components that include fit, link and sacrifice (Mitchell, Holtom, Lee, Sabhynski, & Erez, 2001). Generally speaking, prior studies have indicated that job embeddedness explains incremental variation in turnover beyond the prediction of traditional turnover predictors, such as job satisfaction, organisational commitments, turnover intentions and job search (Crossley et al., 2007; Lee et al., 2004; Mallol, Holtom, & Lee, 2007; Mitchell et al., 2001). To further understand the link between job embeddedness and AVT, the present study draws upon job embeddedness theory (Mitchell et al., 2001). The theory postulates that people can become enmeshed or embedded in their jobs and places of residence through a number of forces. The more an individual embeds into a web of different types of forces connecting the individual to a job, organization and/or community, the higher the likelihood that such forces should theoretically able to serve to restrain the individual from voluntarily leaving the organization and/or community (Mitchell et al., 2001). Additionally, the theory suggests that an individual can become attached to an aspect of their professional life, such as a job, an organisation, or immediate community, to such an extent that he/she is unable to easily leave (Lee et al., 2004; Mitchell et al., 2001; Ng & Feldman, 2007).

Despite being a relative new concept, studies have been conducted on the effects of job embeddedness in varying organisational domains. A sizeable number of studies have reported support for a significant and negative relationship between job embeddedness and actual voluntary turnover. Some of the studies include a meta-analytic study, based on sixty five independent samples (Jiang, Liu, McKay, Lee, & Mitchell, 2012) found a negative link between job embeddedness and actual voluntary turnover. However, one of the shortcomings of these studies is that it has neglected how JE might contribute to better understand and comprehend actual voluntary turnover at the workplace. Even if any, they are limited to the influence of JE among samples of healthcare workers (Crossley, Bennett, Jex, & Burnfield, 2007; Mitchell, Holtom, Lee, Sabhynski, & Erez, 2001), correctional officers (Bergiel, Nguyen, Clenney, & Taylor, 2009), and financial professionals (Allen, 2006; Felps, Hekman, Mitchell, Lee, Harman, & Holtom, 2009; Lee, Mitchell, Sabhynski, Burton, & Holtom, 2004) among others. Hence, there is a paucity of studies on the role of JE in the academia, with some exceptions of the study by Takawira, Coetzee, and Schreuder (2014). The present paper will be significantly different from Takawira et al. (2014) because their work mainly focused on turnover intention. Therefore, the present study addresses this gap by exploring the effects of job embeddedness on actual voluntary turnover among academic staff.

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**H1:** Organisational embeddedness will be negatively related to actual voluntary turnover
**H2:** Community embeddedness will be negatively related to actual voluntary turnover

4. Pay satisfaction and Actual voluntary turnover

Apart from job embeddedness, another important determinant found to influence actual voluntary turnover is pay satisfaction, defined as the overall negative or positive feeling or affect that an individual has towards his or her pay (Miceli & Lane, 1991), and a vital indicator of the relative willingness of an employee to stay with or to leave
his/her employer (Currall, Towler, Judge, & Kohn, 2005; Tekleab, Bartol, & Liu, 2005). Pay satisfaction has been identified as an important area of consideration in understanding behaviour because of its ability to shape the way individuals behave at the workplace (Carrarah 2011; Scarpello & Carrarah, 2008; Williams, Brower, Ford, Williams & Carrarah, 2008; Williams, McDaniel & Ford, 2007). It also represents one of the most vital and influential organizational exchange relationships. For employees, satisfaction with one’s pay plays a significant role in his/her social and economic wellbeing (Currall et al., 2005; Tekleab et al., 2005; Vandenberge & Tremblay, 2008; Weiner, 1980; Williams, McDaniel & Nguyen, 2006) and this is evident in the way of meeting employees’ basic needs of life and improving their standards of living (Rynes, Gerhart & Minette, 2004). Employers therefore have vested interest in seeing their members satisfied with their pay (Heneman, & Schwab, 1985; Judge, & Welbourne, 2005). This is because satisfaction with one’s pay could act as an important determinant that may help organizations achieve their aims and objectives (Rynes et al., 2004). In his discussion on turnover as an individually motivated choice behaviour Campion, (1991) suggested that pay plays an important role in actual voluntary turnover reduction.

More so, the robust effects of pay satisfaction on AVT have been reported in a variety of studies (e.g. Borman & Dowling, 2008; Goldhaber, Gross, & Player, 2011; Griffeth et al., 2000; Heneman & Schwab, 1985; Panaccio et al., 2014; Stanz & Greyling, 2010). For example, Amey (1992) found that 49 percent of male academic staff and 27 percent of female academic staff cited pay as the primary reason for leaving the university. Similarly, in a recent study by Panaccio et al. (2014) that explored the mediating role of continuance and affective and commitment in the relationship between pay satisfaction and voluntary turnover, among a sample of 509 human resource management (HRM) professionals, collected at two points. The results of their research suggested that pay satisfaction was significantly and negatively linked to actual voluntary turnover of HRM professionals. These results are in line with that of Cropsey, Masho, Shiang, Sikka, Kornstein, and Hamptons’s (2008) study that investigated the reasons for turnover among one hundred and sixty former faculty members of a university medical school, Virginia USA. The exited employees were asked to complete a survey providing reasons why they left. Results of the study found a significant and negative relationship between pay satisfaction and actual voluntary turnover among all categories of academic staff. Similarly, meta-analytic results also show pay satisfaction was modestly and negatively related to turnover (Griffeth et al., 2000).

Notwithstanding the aforementioned evidences supporting a negative link between pay satisfaction and turnover (e.g. Panaccio et al., 2014), still, extant literatures indicate that there is a paucity of studies on the influence of pay satisfaction on actual voluntary turnover. In particular, such studies indicate that less attention has been paid to the effects of pay satisfaction may have on actual voluntary turnover. In an effort to able the better understanding of the influence of pay satisfaction on actual voluntary turnover, the present study draws upon the social exchange theory (SET) (Blau, 1964). SET proposes that when an employee’s work environment allows the establishment of a high quality exchange relationship between employers and employees, it can create a sense of obligations, and these employees are more likely to reciprocate these obligations in a positive and beneficial way. Because they are typically able to perceive that organizations recognize and value their hardship, contributions and efforts (Settoon, Bennett, & Liden, 1996) thereby offering them a type of relationship to engage less in actual voluntary turnover. Theoretically, favourable exchange relationships should make employees to reciprocate compensation received from the organisation with positive work outcomes (Bagtasos, 2011) such as less involvement in actual voluntary moves. On the basis of the social exchange theory and empirical evidences, we therefore, hypothesize as follows:

H3: Pay satisfaction will be negatively related to actual voluntary turnover

5. Perceived alternative job opportunities (PAJO)

The proposed model proposes that the effects of job embeddedness and pay satisfaction on actual voluntary turnover is moderated through perceived alternative job opportunities. Such a framework is important for a number of reasons. First, despite the aforementioned empirical studies on the roles of job embeddedness and pay satisfaction in shaping employee behaviour, in fact, only a few literatures, if any reported conflicting results (Dailey & Kirk, 1992; DeConinck & Stilwell, 2004; Panaccio et al., 2014; Vandenberge & Tremblay, 2008). Second, less attention has been paid to the effects of how the relationship between pay satisfaction, job embeddedness and actual voluntary turnover may be strengthened through a moderator. Thirdly, here, it is argued that perceived alternative job opportunities, defined as the availability of alternative employment in the external labour market (Lee, Gerhart, Weller, & Trevor, 2008; March & Simon, 1958; Thatcher, Stepina & Boyle, 2002) and generally described as an individuals’ beliefs that they can obtain alternative employment (Gerhart, 1990; Thatcher et al., 2002) may be a key variable to unravel and influence the strength/direction of the links between job embeddedness, pay satisfaction and actual voluntary turnover.

More particularly, this study draws upon the social interdependence theory (Thibaut & Kelley, 1959) as a means of understanding how perceived alternative job opportunities is likely to moderate the link between job embeddedness, pay satisfaction and AVT. Social interdependence theory proposes that an external job market with
plentiful alternatives, several of which offer more or better outcomes that current position should theoretically able to raise the comparison level for alternatives and result in job change (Hulin, Roznowski, & Hachiya (1985), than it is when a job market offers only a few, perhaps poor job alternatives should result in lesser actual voluntary moves (Gerhart, 1990; Griffeth et al., 2005). Following social interdependence theory, we argue here that when jobs are plentiful, employees are likely to leave voluntarily. On the other hand, when alternative jobs are scarce, employees are more likely to involve less in actual departure. The reasoning here is that PAJO may be the variable that is likely to influence the strength or the direction of the relationships between job embeddedness, pay satisfaction and actual voluntary turnover.

Finally, prior studies that tested PAJO found that it is an important moderator (Addae, Parboteeah, & Velinor, 2008; Boswell, Boudreau & Dunford, 2004; Hwang & Kuo, 2006; Liden & Parsons, 1986). Examples include a study by Addae, et al., (2008) that revealed that perceived alternative employment moderated the association between continuance commitment and employee turnover. In another study, Hwang and Kuo (2006) reported that PAJO moderated the linkage between job reactions, job acceptance and perceived alternative job opportunities. Drawing upon the social interdependence theory and the foregoing, we thus hypothesize that:

H4: Perceived alternative job opportunities would moderate the relationship between job embeddedness dimensions and actual voluntary turnover

H5: Perceived alternative job opportunities would moderate the relationship pay satisfaction and actual voluntary turnover

6. Proposed Research Framework

Based on the review of relevant literature and discussion above, Figure 1 schematically depicts a proposed research model showing the various relationships between the identified constructs.

7. Conclusions

This paper essentially depicts a proposed moderating role of perceived alternative job opportunities on the relationship between job embeddedness, pay satisfaction and actual voluntary turnover. If the proposed model is validated, the result will offer important insight to stakeholders into the vital role job embeddedness, pay satisfaction and actual voluntary turnover and perceived alternative job opportunities in mitigating actual voluntary turnover

References


