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# Targeted Employee Retention: Performance-Based and Job-Related Differences in Reported Reasons for Staying

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## **Keywords**

retention, job performance, hourly workers, professional employees

## **Disciplines**

Human Resources Management

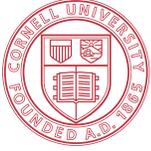
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WORKING PAPER SERIES

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Working Paper 08 – 06



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April 2008

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### Abstract

A content model of 12 retention factors is developed in the context of previous theory and research. Coding of open-ended responses from 24,829 employees in the leisure and hospitality industry lends support to the identified framework and reveals that job satisfaction, extrinsic rewards, constituent attachments, organizational commitment, and organizational prestige were the most frequently mentioned reasons for staying. Advancement opportunities and organizational prestige were more common reasons for staying among high performers and non-hourly workers, and extrinsic rewards was more common among low performers and hourly employees, providing support for ease/desirability of movement and psychological contract rationales. The findings highlight the importance of differentiating human resource management practices when the goal is to retain those employees valued most by the organization.

KEYWORDS: retention, job performance, hourly workers, professional employees

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## **Targeted Employee Retention: Performance-Based and Job-Related Differences in Reported Reasons for Staying**

Retaining top talent remains a primary concern for many organizations today. Critical analysis of workforce trends points to an impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport, Bancroft, & Okum, 2003). Despite the vast literature on employee turnover, which is aimed at identifying factors that cause employees to quit (e.g., Griffeth, Hom, & Gaertner, 2000), much less is known about the factors that compel employees to *stay*. For example, Maertz and Campion noted “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment...retention processes should be studied along with quitting processes” (1998, p. 65). Steel, Griffeth, and Hom added “the fact is often overlooked, but the reasons people stay are not always the same as the reasons people leave” (2002, p. 152).

Retention is a critical element of an organization’s more general approach to *talent management*, which is defined as “the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs” (Lockwood, 2006, p. 2). The latter part of this definition is important because it suggests that talent management programs should be tailored to those who are most responsible for the organization’s success. In this study, we focus on job performance as one indicator of employee value under the assumption that high performers are most likely to possess the knowledge, skills, and experience necessary to contribute to the overall success of the organization. We also examine employees at different job levels based on the premise that

an organization's most critical talent, whether top management or line employees, may value different aspects of the what the organization has to offer when deciding whether to stay.

Thus, we propose that understanding the reasons why people stay, on average, is an important goal, but also contend that it may be more valuable to examine how these retention factors differ for high performers and those at different levels of the organization (Griffeth & Hom, 2001). Blanket retention policies may be disadvantageous if they appeal to employees at all levels of performance, and organizations would want to adopt particular strategies that contribute to the retention of their most valued employees while avoiding control methods that would appeal primarily to average or low performers (Steel et al., 2002). In terms of job level differences, many talent management programs emphasize developing and retaining the group of employees who have potential to occupy the top leadership positions within the organization in the near future. To this end, organizations can benefit from knowing whether retention reasons differ based on job level, which might then call for different retention strategies depending on where individuals reside within the organizational hierarchy.

In summary, little research has examined employees' reasons for staying while testing whether these factors differ based on job performance or job level. In this study, we develop a content model of employee retention that is grounded in theory and past research (e.g., March & Simon, 1958; Mobley, Griffeth, Hand, & Meglino, 1979; Porter & Steers, 1973; Price & Mueller, 1981), and then test it with a sample of nearly 25,000 employees who were asked to comment on why they stay with their employer. We also develop and test predictions grounded in ease/desirability of movement (March & Simon, 1958) and psychological contract (Robinson, Kraatz, & Rousseau, 1994) rationales to explain why high and low performers and those at different job levels will be more or less likely to emphasize particular retention dimensions.

### **A Content Model of Employee Retention**

The first goal of this study was to generate a theoretically-derived set of factors that would serve as the foundation for the content analysis of the primary data relating to employees' reported reasons for staying. To this end, we reviewed the major theories that have been

advanced in the literature over the last 50 years that help explain why employees stay or quit. A brief summary of these content models is described below. The list of retention factors and literature review is not meant to be exhaustive of all possible theories or variables related to employee retention and turnover (see Hom & Griffeth, 1995; Griffeth et al., 2000, for extensive reviews). Rather, the emphasis in this study is placed on testing the relative frequency with which various retention factors emerge when analyzing employees' open-ended explanations for why they stay. Names and definitions of the 12 retention factors examined in this study are provided in Table 1.

**Table 1**  
***Description and Definition of Retention Factors***

Retention Factor	Definition
Advancement opportunities	The amount of potential for movement to higher levels within the organization
Constituent attachments	The degree of attachment to individuals associated with the organization such as supervisor, co-workers, or customers
Extrinsic rewards	The amount of pay, benefits, or equivalents distributed in return for service
Flexible work arrangements	The nature of the work schedule or hours
Investments	Perceptions about the length of service to the organization
Job satisfaction	The degree to which individuals like their jobs
Lack of alternatives	Beliefs about the unavailability of jobs outside of the organization
Location	The proximity of the workplace relative to one's home
Non-work influences	The existence of responsibilities and commitments outside of the organization
Organizational commitment	The degree to which individual's identify with and are involved in the organization
Organizational justice	Perceptions about the fairness of reward allocations, policies and procedures, and interpersonal treatment
Organizational prestige	The degree to which the organization is perceived to be reputable and well-regarded

*Note. Several definitions adapted from Price & Mueller (1981) and Steers (1977).*

One of the earliest models of turnover is March and Simon's (1958) theory of organizational equilibrium, in which the authors proposed that desirability of movement and ease of movement are the two main drivers of employee turnover. Desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market. Viewed from the perspective of retention, the model suggests that employees will be more likely to stay when they are satisfied with their jobs and believe that there are few alternatives available. Hence, *job satisfaction* and *lack of alternatives* are included here as two important factors in employees' decisions to stay (see Table 1). As described below, many of the subsequent theories of turnover have built upon the satisfaction/alternatives framework outlined by March and Simon.

Porter and Steers (1973) introduced one of the first major updates to the March and Simon model, and asserted that a variety of work-related and personal factors were important precursors of turnover. From the standpoint of explaining why employees stay, five dimensions from their model are relevant to this study, and are thus included in Table 1. Two of these dimensions, *extrinsic rewards* (e.g., pay, benefits) and *advancement opportunities*, should be related to staying because employees are sensitive to receiving fair rewards for their efforts and may leave when opportunities to receive greater rewards exist elsewhere. A third factor, *constituent attachments*, in the form of effective supervision and positive peer group relations, should also be related to retention. Porter and Steers reviewed evidence from previous research showing higher turnover among employees when supervisors had treated them poorly, displayed low levels of consideration behaviors, or did not meet their needs regarding feedback and recognition. Additionally, co-workers may influence retention because they can provide support and encouragement to employees to help them adjust to the work environment, thereby facilitating attachment to the organization. Fourth, Porter and Steers suggested that employees are more likely to stay as they build longer tenure with the organization (because of seniority-related perks or other valued outcomes), a notion that we label here as *investments*. Finally, *non-work influences* such as family responsibilities were mentioned as another factor that may

be related to employee retention, which has since been expanded to include a variety of ties to one's community, family, and other life activities outside of work (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001).

Several years later, Mobley and colleagues offered a revised framework that specified many of the factors discussed above (e.g., pay, promotion, supervision), but also included several new dimensions that could influence retention (Mobley et al., 1979). In terms of work attitudes, job satisfaction was viewed as the primary determinant of quit intentions in their model, and the authors were also among the first to discuss the role of *organizational commitment* in turnover decisions, which was defined in earlier work as an "individual's identification with and involvement in a particular organization" (Steers, 1977, p. 46). The authors suggested that committed employees are expected to remain because they believe in the goals and values of the organization and are willing to exert effort on its behalf. Since that time, and along with job satisfaction, organizational commitment represents one of the most widely studied antecedents of turnover (Griffeth et al., 2000). Thus, Mobley et al. and others reinforce the value of several dimensions included here, and were among the first to recognize organizational commitment as an important retention factor.

Price and Mueller (1981) presented an updated model that encompasses many of the earlier retention factors while introducing several new ones. Drawing from earlier perspectives, job satisfaction and perceived alternatives were considered proximate causes of decisions to stay, whereas pay, promotional opportunities, constituent attachments, kinship, and organizational commitment were included as distal influences. One important addition to the model was distributive justice. Drawing from the developing literature on equity theory at that time, the authors suggested that employees would be satisfied (and thus more likely to stay) if they felt that the outcomes they received reflected the effort and other inputs that they had invested. More recently, *organizational justice* has been defined more broadly to include fairness perceptions related to outcomes, procedures, and interpersonal interactions, which

have been shown to be related to employees' decisions to remain with their employer (Aquino, Griffeth, Allen, & Hom, 1997).

A handful of other explanatory constructs have emerged in the retention literature since the earliest models were introduced. First, a number of organizations have offered employees *flexible work arrangements* in order to accommodate different employee preferences regarding when (and where) they perform their work (Baltes, Briggs, Huff, Wright, & Neuman, 1999; Dalton & Mesch, 1990). These programs typically involve alternative work hours and/or compressed scheduling and are often established with the goal of reducing tensions between competing work and non-work demands. Second, Muchinsky and Morrow (1980) introduced the notion of *organizational prestige* as a potentially important retention factor. This dimension is similar to definitions of company reputation (Fombrun & Shanley, 1990), and also reflects the more recent effort by organizations to attract and retain talented employees by becoming an "employer of choice", which often involves communicating and emphasizing the positive features of working for a particular organization to current and potential employees (Branham, 2005). Finally, the *location* of the workplace has been investigated in relation to withdrawal behaviors such as absenteeism, although few studies (if any) have empirically examined location effects on turnover. Research reveals positive associations between distance to work and absence (Muchinsky, 1977; Scott & McClellan, 1990), perhaps because longer commute times are a source of stress and limit the ability of employees to attend to non-work responsibilities. In the context of retention, living close to work can be viewed as an influence that promotes job embeddedness (Mitchell et al., 2001) or perhaps continuance commitment (Hrebiniak & Alutto, 1972), as employees may have to relinquish a favorable commute if they were to leave the organization.

Taken together, the content model developed here is thought to reflect many of the potential influences on employee retention. Early contributions in this area emphasized job satisfaction and perceived alternatives, followed by models that featured extrinsic rewards, advancement opportunities, constituent attachments, investments, and non-work influences.

More recently, organizational commitment, organizational justice, flexible work arrangements, organizational prestige, and location have been viewed as potentially important determinants of employees' decisions to stay. As described in the methodology, the 12-factor model was used in this study as the organizing framework for analyzing the open-ended comments related to why employees stay.

### ***Reasons for Staying and Job Performance***

Researchers emphasize performance-specific differences when studying employee retention processes because of the negative consequences that are associated with turnover among high performers (e.g., Allen & Griffeth, 2001; Griffeth & Hom, 1995; Trevor, Gerhart, & Boudreau, 1997). Organizations must bear performance losses, high replacement costs, and potential talent shortages, all of which ultimately erode the core leadership base of the organization (Staw, 1980). Therefore, employers seek to retain high performers and replace low performers with workers who bring greater skills and abilities to the organization, a notion that is consistent with both the recent talent management emphasis described above and arguments introduced several decades ago concerning *turnover functionality* (Dalton & Todor, 1979; Dalton, Todor, & Krackhardt, 1982; Staw, 1980). Dalton and others have argued that turnover is *functional* when high performers stay (and low performers leave) and *dysfunctional* when low performers stay (and high performers leave). Thus, an effective approach to retention management involves understanding why employees stay, but also examines differences in reasons based on what the organization is trying to accomplish from a talent management perspective (e.g., retaining high performers).

March and Simon's (1958) discussion of desirability and ease of movement factors suggests that employees who are high performers are presumably also those who can leverage their superior skills in the labor market to secure another position with greater rewards. The skills and attributes that enhance an individual's mobility outside of the organization have been termed "movement capital", and include dimensions such as education, cognitive ability, and occupation-specific training (Trevor, 2001). Given that these elements are positively related to

job performance (Hunter & Hunter, 1984), high performers likely have a greater capacity to act on dissatisfaction with workplace elements than low performers because they can turn to the external market when conditions are unfavorable (Jackofsky & Peters, 1983). Applying the notion of movement capital to the content model outlined in Figure 1, one could expect that relative to low performers, high performers should report staying because of factors such as satisfying work, organizational commitment, extrinsic rewards, advancement opportunities, and perceived justice because they would likely draw upon their movement capital and leave if conditions were otherwise. In addition, factors that promote retention among high performers may be organization-specific (or else they would likely leave), which suggests that dimensions such as organizational prestige or constituent attachments may be more prominent in high performers' decisions to stay. Of the limited empirical evidence available to date, findings indicate that high performers are more likely to stay when there is opportunity for salary growth, when they are satisfied with their work, and when contingent rewards are available (Allen & Griffeth, 2001; Mossholder, Bedeian, Norris, Giles & Feild, 1988; Trevor et al., 1997). In contrast, drawing from the ease of movement aspects of March and Simon, low performers should mention a lack of alternatives more often as a reason for staying because of their restricted movement capital. In addition, given fewer alternatives, low performers would accrue greater tenure with the organization and should cite investments as another reason why they stay (Jackofsky, 1984).

*Hypothesis 1:* High performers will cite retention factors that indicate low desirability of movement (i.e., advancement opportunities, constituent attachments, extrinsic rewards, flexible work arrangements, job satisfaction, location, non-work influences, organizational commitment, organizational justice, organizational prestige) at a higher rate than low performers. Low performers will cite factors that reflect low ease of movement (i.e., investments, lack of alternatives) at a higher rate than high performers.

### ***Reasons for Staying and Job Level***

The final goal of this study was to examine job-level differences in reasons for staying. Differences across job levels (i.e., hourly, supervisory, managerial, and salaried/professional

positions) are expected because each group may hold a different type of “psychological contract” with the organization. Psychological contracts have been defined as the beliefs about what employees owe to the organization and what the organization owes to them (Robinson, 1996). Researchers distinguish between “transactional” contracts, which are characterized by specific, monetary-oriented exchanges between parties over a relatively short period of time, and “relational” contracts, which involve broader, relationship-oriented exchanges that maintain the employer-employee relationship over the long term (Robinson et al., 1994). Previous research shows that extrinsic factors such as pay, benefits, and flexible work schedules tend to be viewed as more transactional, whereas intrinsic dimensions such as meaningful work, opportunities for advancement, and personal support are seen as more relational (Kickul & Lester, 2001; Zhao, Wyane, Glibkowski, & Bravo, 2007). Further, transactional obligations tend to be clearly specified in advance, such as in a written employment contract, whereas relational obligations are less predictable and more intangible (Zhao et al., 2007). Applying these conceptual distinctions to the content model presented in Figure 1 suggests that extrinsic rewards and flexible work arrangements can be characterized as more transactional in nature, whereas advancement opportunities, constituent attachments, job satisfaction, organizational commitment, organizational justice, and organizational prestige develop gradually and in a more relational manner.<sup>1</sup>

We expect that employees at each end of the job level continuum will emphasize different aspects of the psychological contract when explaining why they stay. The nature of work for hourly employees is transactional in many ways. Work hours are clearly defined and tend to be closely monitored, and hourly employees are compensated in direct exchange for time worked. The short-term capacity of most hourly work is evident in studies showing that turnover is very high for hourly jobs, both in an absolute sense and relative to managerial and professional employees (Pizam & Thornburg, 2000). In addition, previous researchers have

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<sup>1</sup> The remaining dimensions of the content model (lack of alternatives, location, investments, and non-work influences) are not easily classified into the transactional/relational typology; thus, job-level differences for these factors are reported on an exploratory basis.

found that hourly workers place the highest value on better pay, a defining element of transactional contracts, as the characteristic that would cause them to leave their employer (DiPietro & Milman, 2004; Milman, 2003). In short, hourly work typifies many elements of the transactional psychological contract (e.g., short-term capacity, emphasis on extrinsic rewards), leaving employees at higher levels of the organization with more opportunities to develop relational psychological contracts.

*Hypothesis 2:* Hourly employees are expected to cite transactional retention factors (i.e., extrinsic rewards, flexible work arrangements) at a higher rate than managerial and professional employees. Managerial and professional employees are expected to cite relational factors (i.e., advancement opportunities, constituent attachments, job satisfaction, organizational commitment, organizational justice, organizational prestige) at a higher rate than hourly employees.

## **Method**

### ***Participants***

A total of 30,556 employees participated in an annual employee opinion survey conducted within a large company in the leisure and hospitality industry (out of 34,842 employees; overall response rate = 87.7%). Of those who participated, we excluded employees who responded in a language other than English ( $N = 2,269$ ) and those who left blank the retention question ( $N = 3,458$ ). Thus, of interest in this study were responses from 24,829 English-speaking employees to an open-ended survey question concerning retention (described below). Four job levels were represented among the respondents, including hourly (77.6%), supervisory (12.6%), managerial (4.9%), and salaried/professional (4.9%) employees. The sample was ethnically diverse and included 16.5% African-American, 7.6% Asian/Pacific Islander, 59.1% White/Caucasian, 10.8% Hispanic/Spanish, 3.4% Native American, and 2.6% "Other" respondents. Nearly half of the respondents had been working for the company between 1 and 5 years (47.2%), and the remainder of the sample had been working for 6 to 10 years (21.1%), more than 10 years (11.9%), 91 days to 1 year (15.0%), or less than 90 days (4.8%).

Finally, participants worked in one of 21 geographically disperse properties located throughout the United States. Hypothesis tests involving job performance and job level were conducted with subsamples of 17,372 and 19,748 participants, respectively, who had complete data for these variables and the retention reasons.

### **Procedure**

Job incumbents were asked about their reasons for staying through an employee opinion survey that was given during the last three months of 2003. The human resources department at each property designated a team of survey coordinators who were responsible for the logistics of the survey administration, which was conducted using the company's online survey system. Survey coordinators instructed participants to choose at random a unique code to gain access to the online survey. The surveys were administered in large rooms containing banks of 10 to 30 computers (varied by location) set up for the purpose of the survey. Computers were arranged in such a way as to discourage employees from seeing other employees' responses. Only a subset of items from the larger survey were relevant to this study, including data concerning the employees' self-reported reasons for staying, most recent performance appraisal rating, and job level.

### **Measures**

*Reported reasons for retention.* In order to identify the primary factors that influence retention decisions, incumbents were asked to type a response to the question, "What are the top two reasons that you stay employed with [this company] vs. the competition?" As detailed below, responses were subsequently coded into one or more of the 12 categories of retention factors listed in Table 1 using qualitative data analysis software. Each participant's response was coded as "1" when a particular retention reason was mentioned and "0" when it was not. The 12 factors were: *advancement opportunities, constituent attachments, extrinsic rewards, flexible work arrangements, investments, job satisfaction, lack of alternatives, location, non-work influences, organizational commitment, organizational justice, and organizational prestige* (See Table 1).

*Job performance.* Respondents were asked on the survey to indicate the overall rating they received at their last performance review. Ratings were made on a 5-point scale (“1” = Needs Improvement, “2” = Marginal, “3” = Successful, “4” = Highly Successful, “5” = Outstanding Results). Because survey responses were anonymous, they could not be matched with actual performance review ratings from company records. However, for the subsample of hourly employees included in this study, we were able to compare the distribution of reported ratings with the organization’s guided distribution that stated approximately 10% of hourly employees should be rated “Outstanding”, 15% “Highly Successful”, 65-70% “Successful”, and the remaining 5-10% either “Marginal” or “Needs Improvement.” The actual distribution of self-reported ratings for the 13,218 hourly employees included in this study were 6.8% “Outstanding”, 34.5% “Highly Successful”, 53.3% “Successful”, and 5.3% either “Marginal” or “Needs Improvement”, suggesting that the employee reports approximated the recommended distribution.

*Job level.* Participants were asked to select their current job level from a list of four options in the demographics section of the survey. Response options included “hourly”, “supervisory”, “managerial”, and “salaried/professional” positions. Line-level hourly employees worked in various departments such as food service and housekeeping. The other three job levels consisted of supervisors who directly managed the hourly staff, managers who were responsible for overseeing an entire department or shift (including supervisors and hourly staff), and salaried/professional employees positions who held specialized training in a particular field (e.g., accounting, human resources, computer programming).

### ***Coding and Analysis Strategy***

The reported reasons for retention generated a large volume of qualitative data, spanning over 500 pages of single-spaced text. Employees’ reported reasons for retention averaged 11.0 words per respondent. Given the large volume of responses, computer-assisted qualitative data analysis software was used to code participant data. ATLAS/ti 4.2 (ATLAS) is a software program designed for the qualitative analysis of textual, graphical, and/or audio data

(Muhr, 1997), and is based on the tradition of Hermeneutics, or the in-depth analysis of printed or oral text. ATLAS allows users to create categories, assign keywords (i.e., a collection of synonyms and phrases) to those categories, and then subsequently “auto-code” the primary text into categories using the keywords. For example, one category used in this study was “constituent attachments”, and keywords such as “supervisor” and “co-workers” served as primary text examples of this category. It is critical that the categories and keywords selected are representative, exhaustive, and accurate, and many steps were taken to ensure the reliability and validity of the coding process used in this study, as we describe below. In all cases, the turnover and retention literature served as a guide to the selection of categories and was consulted to clarify keyword assignments when necessary.

*Category generation.* After establishing the 12 retention categories, we content-sampled the raw data to record possible synonyms and keywords that respondents might use to refer to the same factor. Two strategies were used to ensure that “theoretical saturation” was reached, which is the point when no new information or categories emerge from additional coding of the primary data (Strauss & Corbin, 1998). First, a random sample of 5% of the raw data was extracted by the authors and analyzed by reading each line of text to identify common responses that could be organized into categories. Once identified, possible synonyms were recorded for each category to capture subtleties and alternative phrases. For example, the category for extrinsic rewards included “pay” and a number of other similar terms such as “money” “salary”, and “wages.” Second, a simple word frequency analysis was conducted using ATLAS to determine the words that respondents used most often. Thus, linkages between categories and keywords were drawn using a combination of the line-by-line analysis and word frequency strategies.

*Coding of raw data.* After establishing the 12 retention categories in ATLAS, the keyword synonyms were assigned to each. Keywords were mutually exclusive in that each keyword was assigned to only one category. The auto-coding feature of the software was then used to scan the entire data set and assign any response that contained one or more of the associated

keywords to the appropriate category. When respondents mentioned multiple reasons (e.g., “good pay and opportunities for advancement”), each reason was counted separately for each category. However, if a respondent mentioned the same reason multiple times (e.g., “money, money, money”), the reason was counted only once for that category. Thus, the unit of analysis in this study is the individual; for each employee a value of “0” or “1” was recorded depending on whether or not each of the 12 retention factors was mentioned. This process was repeated for each category until all of the responses had been coded. To check the exhaustiveness of the coding scheme, each remaining response that was not assigned to a category was reviewed to determine if it could be hand-coded into one of the existing categories. After the hand-coding was complete, approximately 5.5% of the responses remained uncoded because they contained nonsense characters or were otherwise idiosyncratic.

*Reliability and validity of coding process.* As a check on the reliability and accuracy of category generation, two authors coded the data independently following the procedures described above. To assess agreement, Cohen’s kappa was computed for the assignment of keywords to categories, yielding a value of .71. Differences were discussed by the authors and were ultimately settled by consensus to arrive at the final category structure and keywords. Inevitably, some keywords were eliminated from further analysis (e.g., company, department, area) either because they were used by respondents to introduce their response (e.g., “I stay with this company because...”), or because they could not be reliably coded into any single category. After the coding process was completed, a final check on coding accuracy was conducted. Two authors reviewed the collection of coded responses within each category by reading respondents’ statements in their entirety to ensure that the coding decisions accurately represented the respondents’ intended meaning. This “back-translation” revealed very few meaningful discrepancies, which were either removed or reassigned to a more appropriate category when found.

*Data analysis strategy.* Prior to testing the primary hypotheses of the study, we report frequencies for each of the retention dimensions listed in Table 1. These results provide an

ordinal structure to the different retention antecedents, thereby identifying those constructs that appear most important to employees, and also perhaps most worthy of research attention. In addition, representative employee responses for each factor are provided to add richer meaning to these constructs as they are described by employees in their own words. Finally, the results of this analysis provide the foundation for testing the substantive hypotheses presented earlier, specifically that reported reasons would differ based on job performance and job level. These hypotheses were tested using univariate analysis of variance (ANOVA) to determine whether there were statistically significant differences between performance categories or job levels in the frequency of the reasons given for staying. In order to avoid capitalizing on Type I error that may occur when conducting multiple univariate ANOVAs, a multivariate analysis of variance (MANOVA) was calculated first to assess the overall effects of job performance and job level on the 12 reported reasons for retention<sup>2</sup>.

## **Results**

### ***Descriptive Results***

The primary reported reasons why employees stay with their employer are presented in Table 2 along with frequencies, percentages, and representative quotes (Insert Table 2 about here). The retention reason mentioned most frequently was job satisfaction (51% of all respondents indicated this reason), followed by extrinsic rewards (41%), constituent attachments (34%), organizational commitment (17%), organizational prestige (13%), lack of alternatives (10%), investments (9%), advancement opportunities (8%), location (8%), organizational justice (7%), flexible work arrangements (7%), and non-work influences (3%).

In terms of the actual responses that were given regarding job satisfaction, employees mentioned enjoying the actual work involved in serving customers, liking what they do as an employee, and having fun while on the job. For extrinsic rewards, employees cited aspects of the company's compensation such as competitive wages, health benefits, retirement

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<sup>2</sup> Given the dichotomous nature of the outcome variables, we also conducted analyses using logistic regression, which produced a similar pattern of results. Details are available from the first author.

contributions, and incentive plans as primary reasons for staying. Concerning constituent attachments, employees mentioned having personal connections with co-workers, positive interactions with guests, and healthy supervisor relations. Representative quotes for all 12 retention categories are listed in Table 2.

**Table 2**  
**Frequency Distribution of Retention Factors and Representative Quotes**

Retention Factor	Frequency	%	Representative Quotes
1. Job satisfaction	12,640	50.9	<i>I love the job; I like my job and I have lots of fun; I am happy in my current position and enjoy the work that I do here; I love my job and I feel like I'm accomplishing something; I feel I have one of the best jobs in town; I really enjoy what I do as an employee; I still enjoy coming to work every day</i>
2. Extrinsic rewards	10,256	41.3	<i>It pays better salaries than other businesses in this field; The money is better here than at most places; All the benefits we are offered including 401K, insurance, tuition if needed, and many more; The benefits are among the best in the industry; Better pay and benefits than anyone else around here; I believe the pay, benefits, and bonus incentives are competitive compared to other companies</i>
3. Constituent attachments	8,321	33.5	<i>The people I have come to know here prevent me from wanting to leave; My coworkers are fun-loving, goal-oriented, and help me stay motivated; I feel like I am part of a team working here; My supervisor is a great role-model; I like the interaction I have with guests; The customers that come in here are so friendly; The people I work with are like family to me</i>
4. Organizational commitment	4,328	17.4	<i>I'm not the type of person that jumps from job to job; I am proud to work here; I believe in loyalty to the company that hired me; I love this place; I feel [company name] is a part of my family and I am loyal to that; Because I made a commitment to do the job and I don't jump ship just because the water gets rough; My personal commitment to stay at one place to show my loyalty hoping for the same in return</i>
5. Organizational prestige	3,149	12.7	<i>It feels good to say I work for the #1 company in the industry; Our company is highly respected; the rest of the town usually follows what [company name] does; People always say [company name] is the best place to work for; Has a great reputation for being good to it's employees and a brand name in the service industry, which makes us more marketable just for working here</i>
6. Lack of alternatives	2,428	9.8	<i>Slow economy and lack of other jobs; I don't like the experiences I've had with any of our competitors; I haven't received a better job offer; I have applied for other positions in the past four years and have decided to give this up – no employer wants to offer me what I am making at this company nor give me the great benefits which I need; The economy is down and I can't find another job; I received no other job offers while looking for work</i>
7. Investments	2,286	9.2	<i>I've been here too long to change jobs; I have 22 years with this company; Too much time invested at this company; I have been here for so long that I have the days off and the hours I want, I don't want to start over; I have 12 years invested; My years of service to this company; I've been with you so long, I'd be crazy to change now</i>

8. Advancement opportunities	2,053	8.3	<i>Excellent opportunities for advancement and development; This company offers me the chance to move up; I see the potential and I see a future here; I started a year ago and was promoted a lot with in a year and I love that; I like the opportunity to grow; They hire and promote talent instead of seniority; The chance of upward mobility</i>
9. Location	2,037	8.2	<i>It's really close to my house; The location to and from work is really accessible; Decent commute from home to here; Not having to travel through the city to get to work; It is a short and convenient drive from my home; The company is close to my home</i>
10. Organizational justice	1,856	7.5	<i>The company cares what its' employees think and lets us give input; I am treated as a trusted and valued team member; Our policies are more fair; I have visited other [companies] and have experienced how NOT to be treated; [company name] is very fair in the way they treat their employees; I am satisfied with the company policy and procedures</i>
11. Flexible work arrangements	1,757	7.1	<i>I like the flexible work hours; I have the shift I want; Right now these hours and days off work well with my school hours; The company has always worked with me on my work schedule; I know that my supervisors and manager will work with me and try to help out any scheduling difficulties I may have; The flexible work schedule</i>
12. Non-work influences	841	3.4	<i>Working here allows me to go to school at the same time; I stay employed here because I want a better life for my child; My schedule allows a very nice home life; I have a family to support</i>

Note. N = 24,829. Employees asked "What are the top two reasons that you stay employed with [this company] vs. the competition?" "Frequency" refers to the total number of employees reporting a given reason, and "%" represents the frequency divided by the total number of responding employees (i.e., 24,829).

### **Hypothesis Tests**

Hypothesis 1 predicted that high performers would be more likely to cite retention factors that reflect low desirability of movement, whereas low performers would be more likely to cite retention factors that reflect low ease of movement. The results of the MANOVA revealed a significant overall main effect for job performance (Wilk's  $\lambda = .995$ ,  $F(48, 65939) = 1.71$ ,  $p < .01$ ). Subsequent univariate analyses (ANOVAs with Tukey post hoc comparisons) are presented in Table 3 along with frequencies of retention reasons by level of job performance.

In addition, Figure 1 illustrates the relative positioning of the 12 retention factors by performance level. Post hoc comparisons, focusing on differences between those who were rated highest by the organization (i.e., "Outstanding Results") and those who were rated among the lowest (i.e., "Needs Improvement" or "Marginal"), reveal several statistically significant differences between employees in these performance categories. Results show that high performers were actually more likely to cite investments and less likely to report extrinsic rewards as retention factors, both of which run counter to Hypothesis 1. In addition, we did not find support for high-low performance differences for organizational commitment, non-work influences, flexible work arrangements, or lack of alternatives. On the other hand, as predicted, high performers were more likely to report staying because of advancement opportunities, constituent attachments, job satisfaction, organizational justice, and organizational prestige, all of which reflect low desirability of movement factors. Effect size estimates ( $d$ ) are presented in the final column of Table 3 and provide an index of the magnitude of differences between high and low performers (i.e., "Outstanding Results" vs. "Needs Improvement"). Relative to other dimensions, the largest effects were found for advancement opportunities ( $d = .25$ ), organizational prestige ( $d = .24$ ), investments ( $d = .21$ ), and job satisfaction ( $d = .20$ ). For example, the frequency with which the highest performers mentioned advancement opportunities (11%) was nearly three times that reported by the lowest performers (4%), and the frequency with which the highest performers mentioned organizational prestige (16%) was twice that of the lowest performers (8%). Overall, there was mixed support for Hypothesis 1.

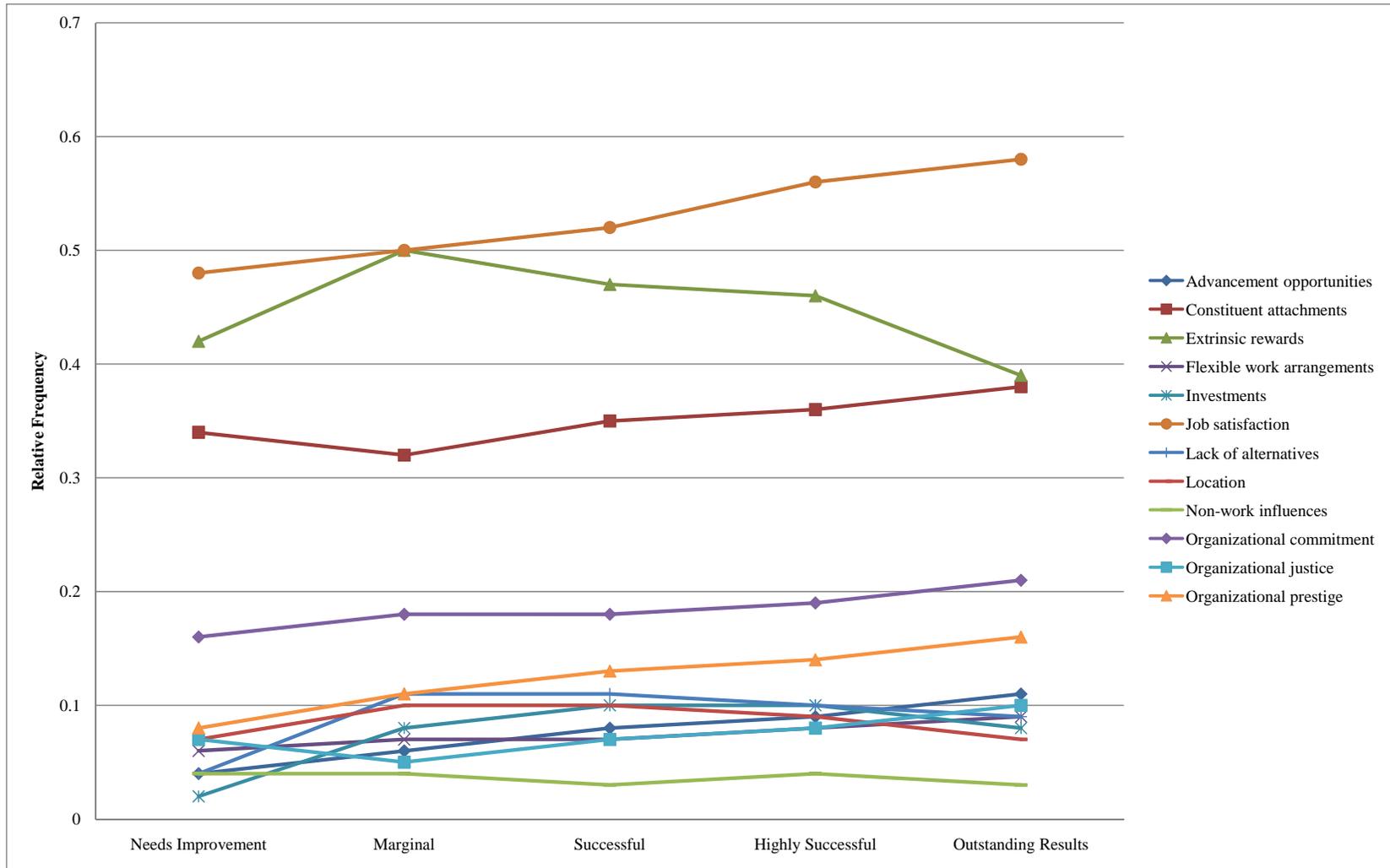
**Table 3**  
**Reported Reasons for Retention by Level of Job Performance**

Retention Factors	Job Performance					F	d
	Needs Improvement (N = 272)	Marginal (N = 515)	Successful (N = 9524)	Highly Successful (N = 5774)	Outstanding Results (N = 1287)		
1. Advancement opportunities	.04 <sup>e</sup>	.06 <sup>e</sup>	.08 <sup>e</sup>	.09 <sup>e</sup>	.11 <sup>abcd</sup>	5.84***	.25
2. Constituent attachments	.34	.32 <sup>e</sup>	.35	.36	.38 <sup>b</sup>	3.33*	.08
3. Extrinsic rewards	.42	.50 <sup>e</sup>	.47 <sup>e</sup>	.46 <sup>e</sup>	.39 <sup>bcd</sup>	9.24***	.06
4. Flexible work arrangements	.06	.07	.07	.08	.09	1.79	.12
5. Investments	.02 <sup>cde</sup>	.08	.10 <sup>a</sup>	.10 <sup>a</sup>	.08 <sup>a</sup>	5.44***	.21
6. Job satisfaction	.48 <sup>e</sup>	.50 <sup>de</sup>	.52 <sup>de</sup>	.56 <sup>bc</sup>	.58 <sup>abc</sup>	9.59***	.20
7. Lack of alternatives	.04 <sup>bcd</sup>	.11 <sup>a</sup>	.11 <sup>ae</sup>	.10 <sup>a</sup>	.09 <sup>c</sup>	6.07***	.16
8. Location	.07	.10	.10 <sup>e</sup>	.09	.07 <sup>c</sup>	3.91**	.00
9. Non-work influences	.04	.04	.03	.04	.03	0.93	.06
10. Organizational commitment	.16	.18	.18 <sup>e</sup>	.19	.21 <sup>c</sup>	3.62**	.13
11. Organizational justice	.07	.05 <sup>e</sup>	.07 <sup>e</sup>	.08	.10 <sup>bc</sup>	5.45***	.11
12. Organizational prestige	.08 <sup>e</sup>	.11	.13 <sup>e</sup>	.14	.16 <sup>ac</sup>	4.19**	.24

Note. N = 17,372. Cells contain relative frequency percentages. Post hoc comparisons performed within row using Tukey's honestly significant difference test; <sup>a</sup>Value is significantly different than "Needs Improvement" performance category; <sup>b</sup>value is significantly different than "Marginal", <sup>c</sup>value is significantly different than "Successful", <sup>d</sup>value is significantly different than "Highly Successful", <sup>e</sup>value is significantly different than "Outstanding Results".

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

**Figure 1**  
**Reported Reasons for Retention by Level of Job Performance**



Hypothesis 2 predicted that hourly workers would be more likely to cite transactional retention factors, whereas workers at higher levels would be more likely to cite relational retention factors. The results of the MANOVA revealed a significant overall main effect for job level (Wilk's  $\lambda = .997$ ,  $F(36, 50575) = 1.57$ ,  $p < .05$ ). Subsequent univariate analyses are presented in Table 4 along with frequencies of retention reasons by job level. Figure 2 illustrates the relative positioning of the 12 retention factors by job level. Post hoc comparisons revealed several level-based differences in the relative importance of particular retention factors. As predicted, the importance of relational retention factors including advancement opportunities, job satisfaction, organizational commitment, organizational justice, and organizational prestige increased as job level increased from hourly workers upward to salaried/professional employees, whereas transactional retention factors including extrinsic rewards and flexible work arrangements increased in importance as job level decreased from the management positions to hourly workers. No support was found for constituent attachments. Effect size estimates ( $d$ ) are presented in the final column of Table 4 to index the magnitude of differences between hourly and salaried/professional workers. Relative to other dimensions, the largest effects were found for advancement opportunities ( $d = .81$ ), organizational prestige ( $d = .48$ ), and extrinsic rewards ( $d = .36$ ). Particularly noteworthy is the finding that advancement opportunities was mentioned as a retention factor least often by hourly employees (7%), whereas this figure doubled for supervisors (14%), increased again for managers (19%), and was highest for salaried/professionals (30%), reaching a value that was over four times as large as that reported by the hourly group. Frequencies for organizational prestige also showed substantial differences across job levels, with the lowest values for hourly employees (11%), increasing for supervisory and managerial (18%), and reaching the highest levels for salaried/professionals (27%). In addition, employees at higher levels were successively less likely than those at lower levels to report extrinsic rewards as a primary reason for staying. Nearly half of the hourly workers mentioned extrinsic rewards (47%), and this value decreased for supervisors (43%), managers (37%), and reached its lowest level for salaried/professionals (29%). Overall, Hypothesis 2 was supported.

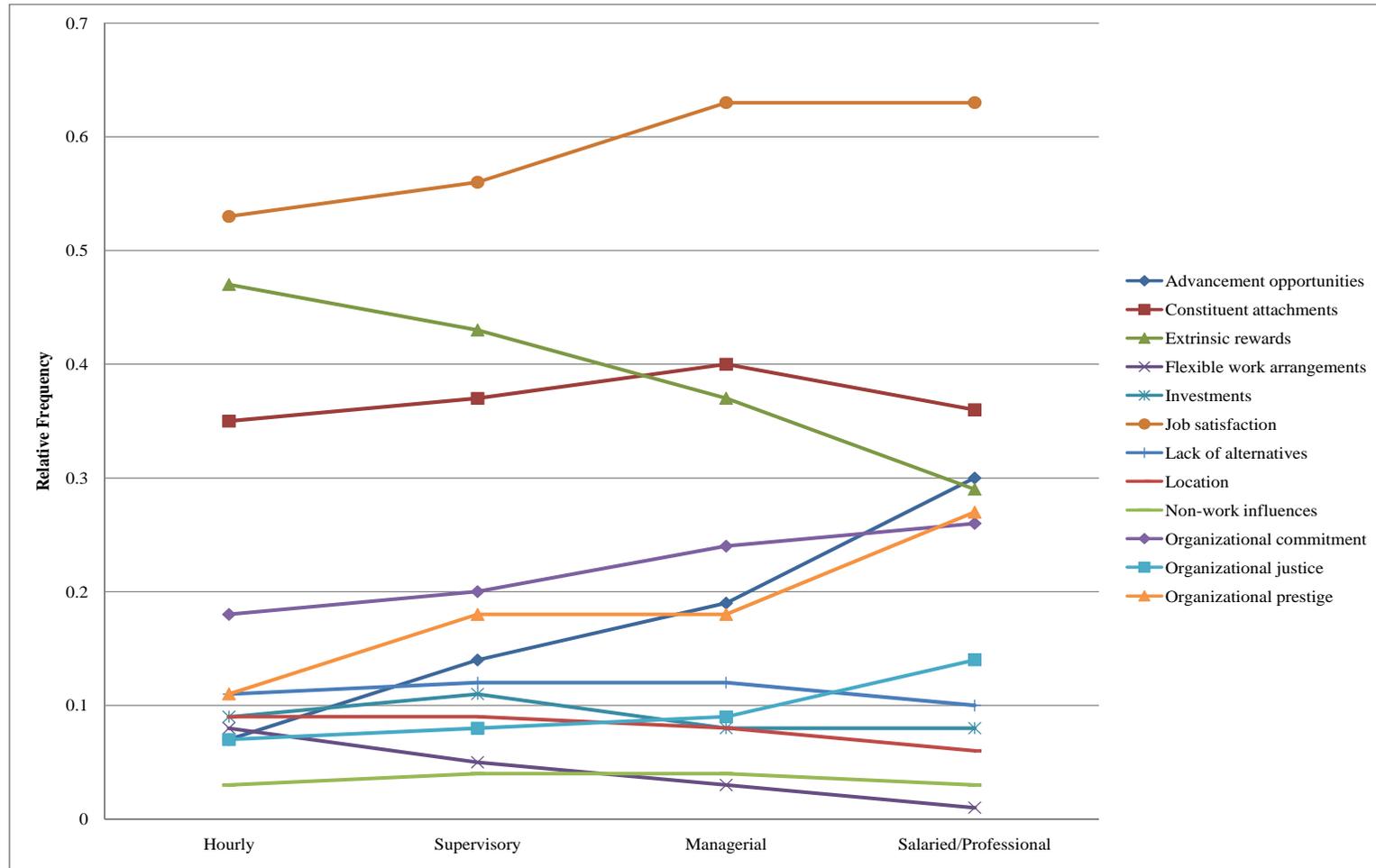
**Table 4**  
**Reported Reasons for Retention by Job Level**

Retention Factors	Job Level				F	d
	Hourly (N = 15331)	Supervisory (N = 2493)	Managerial (N = 960)	Salaried/ Professional (N = 964)		
1. Advancement opportunities	.07 <sup>bcd</sup>	.14 <sup>acd</sup>	.19 <sup>abd</sup>	.30 <sup>abc</sup>	272.98***	.81
2. Constituent attachments	.35 <sup>c</sup>	.37	.40 <sup>a</sup>	.36	4.26**	.02
3. Extrinsic rewards	.47 <sup>bcd</sup>	.43 <sup>acd</sup>	.37 <sup>abd</sup>	.29 <sup>abc</sup>	49.81***	.36
4. Flexible work arrangements	.08 <sup>bcd</sup>	.05 <sup>ad</sup>	.03 <sup>a</sup>	.01 <sup>ab</sup>	38.86***	.27
5. Investments	.09 <sup>b</sup>	.11 <sup>acd</sup>	.08 <sup>b</sup>	.08 <sup>b</sup>	5.05**	.03
6. Job satisfaction	.53 <sup>bcd</sup>	.56 <sup>acd</sup>	.63 <sup>ab</sup>	.63 <sup>ab</sup>	23.08***	.20
7. Lack of alternatives	.11	.12	.12	.10	0.79	.03
8. Location	.09 <sup>d</sup>	.09	.08	.06 <sup>a</sup>	4.05**	.10
9. Non-work influences	.03	.04	.04	.03	0.69	.00
10. Organizational commitment	.18 <sup>bcd</sup>	.20 <sup>acd</sup>	.24 <sup>ab</sup>	.26 <sup>ab</sup>	20.84***	.20
11. Organizational justice	.07 <sup>d</sup>	.08 <sup>d</sup>	.09 <sup>d</sup>	.14 <sup>abc</sup>	21.11***	.26
12. Organizational prestige	.11 <sup>bcd</sup>	.18 <sup>ad</sup>	.18 <sup>ad</sup>	.27 <sup>abc</sup>	98.51***	.48

Note. N = 19,748. Cells contain relative frequency percentages. Post hoc comparisons performed within row using Tukey's honestly significant difference test; <sup>a</sup>Value is significantly different than "Hourly" performance category; <sup>b</sup>value is significantly different than "Supervisory"; <sup>c</sup>value is significantly different than "Managerial"; <sup>d</sup>value is significantly different than "Salaried/Professional."

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

**Figure 2**  
**Reported Reasons for Retention by Job Level**



## **Discussion**

### ***Retention Models and Relative Importance of Retention Factors***

This study contributes to the growing literature on employee retention by developing and testing a theoretically-derived content model among a sample of nearly 25,000 employees in the leisure and hospitality industry. Based on content analysis of employee responses, we found general support for the 12-factor model. Relative to other dimensions, and when considered across the entire sample, job satisfaction emerged as the primary retention factor and was followed by extrinsic rewards and constituent attachments. Taken together, job satisfaction, extrinsic rewards, and constituent attachments were each mentioned by at least one-third of the sample when asked why they stay, and provide support for the desirability of movement rationale found in previous theories of employee turnover (March & Simon, 1958; Mobley et al., 1979; Price & Mueller, 1981).

Organizational commitment, lack of alternatives, and organizational prestige were each mentioned by approximately 10-20% of employees. Organizational commitment is found in nearly every contemporary model of employee turnover (e.g., Griffeth & Hom, 1995), and although it was mentioned less frequently in a relative sense, is a strong predictor of actual resignations (Griffeth et al., 2000). Respondents who cited lack of alternatives as a reason for staying commented on a slow economy and failure to find suitable alternatives, providing support for ease of movement aspects of the retention process (Griffeth, Steel, Allen, & Bryan, 2005; March & Simon, 1958). Organizational prestige ranked fifth among the dimensions studied, yet is virtually absent from the empirical literature on employee turnover. As other scholars have noted (Steel et al., 2002), certain factors will induce employees to leave (e.g., better benefits), but these must supersede reasons for staying, which may be very different (e.g., organizational prestige). Thus, in a traditional turnover study aimed at uncovering reasons why people leave, it is unlikely that organizational prestige would have emerged, which suggests that focusing on retention factors may offer additional insight into employees' decision making processes. Overall, although organizational prestige was addressed briefly in early

models of turnover (Muchinsky & Morrow, 1980), our results suggest that richer integration of reputation-based attachments into existing models may offer better prediction and understanding of employee retention.

The remaining dimensions in the model received at least some support, including investments, advancement opportunities, location, organizational justice, flexible work arrangements, and non-work influences. As we discuss below, although these dimensions appear somewhat less important in a relative sense, the performance- and level-based analyses revealed that dimensions such as advancement opportunities and location were much more important to particular employee groups. Thus, while the content model developed here is a useful starting point toward understanding why employees stay, it is also important to consider how these findings differ based on performance and job level.

#### *Differences in Reasons for Staying across Performance and Job Levels*

Overall, our findings lend support to the notion that retention profiles differ between high and low performers (Griffeth & Hom, 2001; Steel et al., 2002). High performers were more likely than low performers to report staying because of advancement opportunities, constituent attachments, job satisfaction, organizational justice, and organizational prestige, all of which are believed to reflect low desirability of movement (March & Simon, 1958). On the other hand, we did not find support for the prediction that low performers would cite low ease of movement factors (i.e., lack of alternatives, investments) at a greater rate than high performers. It is possible that high and low performers may have cited lack of alternatives at the same rate but for different reasons. Low performers may stay because they cannot find external alternatives of any kind, whereas high performers stay because they cannot find alternatives that offer rewards that exceed those associated with their current position. Overall, and in the context of this study, low performers appear to be somewhat marginalized; more often they report staying because of pay and benefits rather than opportunities to advance, fair treatment, or positive attitudes toward the job, the company, or its constituents. On the other hand, high performers, perhaps owing to clear linkages between their inputs and outcomes, stay because they feel fairly treated, believe

they have a future with the organization, and enjoy their work and the connections they have with others.

We also found systematic job-level differences between employees at hourly, supervisory, managerial, and salaried/professional levels, and our findings lend support to the distinction in the psychological contracts literature between transactional and relational contracts (Robinson et al., 1994; Zhao et al., 2007). Generally speaking, as the job level increased, so too did the frequency of reports that employees stay for relational reasons including advancement opportunities, job satisfaction, organizational commitment, organizational justice, and organizational prestige. Conversely, as job level increased, the frequency of transactional retention reasons related to extrinsic rewards and flexible work arrangements decreased. Job level differences are rarely studied in the literature, yet these findings indicate that beliefs about what the organization owes to employees differ across hourly and managerial ranks.

### ***Implications for Practice***

The importance of retention factors such as satisfaction, commitment, and extrinsic rewards have been widely supported in past research (Griffeth et al., 2000), and there are a number of sound practical recommendations available to practitioners in these areas (Griffeth & Hom, 2001; Steel et al., 2002). One of the novel recommendations that stems directly from our research is the finding that organizational prestige shaped the decision to stay among many respondents. Whereas efforts to promote the organization's reputation or brand have been shown to influence applicant's attraction to the organization during the recruitment phase (e.g., Collins, 2007), our findings show that organizational prestige also offers retention benefits for employees who are currently on the job. Thus, organizations might consider applying the marketing campaigns that are more typical of external recruitment to retention management practices.

Our findings that many retention dimensions differ based on job performance and job level suggest that there may be value in tailoring retention interventions to specific employee

groups rather than adopting undifferentiated retention strategies that appeal to all employees (Steel et al., 2002). Our findings suggest that two dimensions, organizational prestige and advancement opportunities, were particularly important to high performers and those at higher job levels, whereas extrinsic rewards were more prominent for low performers and hourly workers. As described above, the efforts to enhance the prestige of the organization through internal marketing or branding campaigns may enhance retention among high performers and non-hourly employees. In terms of advancement opportunities, career ladders could be structured and communicated to employees so that they see obvious avenues for progression from one role to the next (Griffeth & Hom, 2001). Finally, it is interesting to note that low performers and hourly employees mentioned extrinsic rewards as a retention factor more frequently than high performers and non-hourly employees. If the goal of the company is to retain these latter groups, it may be more beneficial to focus on the relational dimensions of retention over those that are more transactional. Regardless of the approach taken, careful research should accompany group-specific interventions to test whether they actually enhance retention behavior among the targeted groups.

### ***Methodological Implications and Limitations***

Traditional approaches to studying employee turnover and retention often rely on closed-ended survey questionnaires. One advantage of the open-ended survey approach used here is that employees were free to state retention reasons in their own words, which places no limitations on the domain of responses and allowed us to create the set of retention factors inductively using content analysis. This approach is somewhat akin to recommendations to use focus groups with employees when studying retention (Griffeth & Hom, 2001), a practice that allows organizations to tailor subsequent closed-ended questionnaires more precisely to employees' concerns. Other advantages of the content analysis approach are that the predictor and outcome variables were measured using different response formats, and the open-ended responses were coded independently prior to testing the main hypotheses of the study, both of which reduce potential concerns related to same-source bias associated with designs that rely

entirely on self-reports. Finally, large-scale coding of open-ended survey data was not possible prior to the advent of qualitative data analysis software. Researchers now have greater opportunities to develop extensive coding structures that can be applied to a large volume of textual data.

On the other hand, a limitation of this approach is that there are likely additional factors contributing to employee retention that were not identified here. Participants in this study did not (nor could they) describe the fundamental psychological processes underlying retention. They would also be unlikely to comment on market-related, behavioral, or demographic factors that sometimes influence retention when observed across participants. The wording of open-ended questions also likely shapes the nature of the responses obtained. For example, given that the retention question asked participants to consider why they stay with the company relative to the competition, it is unclear whether or how our results might change if the participants had been asked to comment on retention factors without asking them to consider the issue in the context of competing firms. In addition, although participants were asked to list the top two reasons for staying so that the most important reasons for staying could be identified, employees may have responded differently if they were not limited in this way.

### ***Conclusion***

This study answers several recent calls for additional research on factors that contribute to employee retention (Maertz & Campion, 1998; Steel et al., 2002). To this end, we proposed and tested a model of 12 content-related factors thought to be partially responsible for employees' decisions to stay. Based on the analysis of employees' open-ended responses, the relative importance of different retention reasons was found to vary across dimensions and based on the job performance and job level of employees. Those interested in studying and promoting employee retention should consider how alternative retention management strategies will influence these different employee groups.

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