Risky business: The role of risk in voluntary turnover decisions

David G. Allen a,⁎, Robert W. Renna a, Karen R. Moffitt b, James Michael Vardaman a

a Fogelman College of Business and Economics, University of Memphis, Memphis, TN 38152, USA
b Radford University, Radford, VA, USA

Abstract

One aspect of turnover decision-making that turnover models have not adequately considered is the risk associated with quitting one’s job and the potential that research on risky decision-making has for advancing understanding of turnover. We define risk and present turnover as a risky decision; review previous applications of risk in turnover theory; review literature on decision-making under risk as it applies to turnover; integrate these literatures and provide propositions. Our analysis suggests that individual differences, frames of reference, the decision context, and social influences affect perceptions of the risk associated with quitting as well as the willingness to take risks in this particular situation. The implications of turnover risk perceptions and turnover risk propensity for turnover theory and research are discussed.

© 2007 Elsevier Inc. All rights reserved.

Keywords: Turnover; Risk; Decision-making; Retention

Employee retention remains a critical issue for organizations because of the associated costs, disruptions, and potential loss of valuable knowledge, skills, and organizational memory (Griffeth & Hom, 2001). Considerable research describes the factors that push employees to voluntarily leave organizations (e.g. job dissatisfaction), factors that pull employees away from organizations (e.g. alternative job opportunities), and the processes by which individuals make turnover decisions. However, our ability to explain and predict individual voluntary turnover decisions remains limited. Some employees who are satisfied with their jobs leave, while many who are dissatisfied stay. Alternative opportunities sometimes lead employees to quit, but often do not. Even the majority of employees who report intending to quit their jobs do not actually do so. Attitudes typically only explain around 5% of turnover variance, while intentions to quit rarely explain more than 15% (Griffeth, Hom, & Gaertner, 2000; Hom & Griffeth, 1995).

We suggest that turnover decisions are inherently risky, and that turnover models have not adequately considered the risks associated with quitting one’s job and the potential that research on risky decision-making has for advancing understanding of turnover. Although aspects of uncertainty and risk have been incorporated in some turnover models (e.g., March & Simon, 1958; Mobley, Griffeth, Hand, & Meglino, 1979), there is an extensive research literature on how individuals make decisions under risky conditions that has not been systematically applied to and integrated with

⁎ Corresponding author. Tel.: +1 901 678 4729; fax: +1 901-678-2685.
E-mail address: dallen@memphis.edu (D.G. Allen).
contemporary turnover theory. For example, risk perceptions, risk propensity, and problem framing have implications for making risky decisions but have not been explicitly incorporated into turnover theory.

Our goal is not to add to the extensive literature addressing the forces that drive individuals to consider quitting. Instead, we focus on adding to our understanding of the decision-making of individuals who are already seriously considering and perhaps even planning to quit for voluntary and controllable reasons. Our aim is to contribute not only to the understanding of voluntary turnover, but also to risky decision-making in general. Fig. 1 illustrates a model of risk in turnover decisions among individuals considering quitting. In this model, we integrate research on risky decision-making in general (e.g., Khaneman & Tversky, 1979), risky decision-making in an organizational context (e.g., Sitkin & Pablo, 1992), and turnover theory related to risk in terms of favorability of alternatives, investments and sacrifices, and personal frames of reference. We also recognize that decision-makers often depart from rational decision-making rules. Steel (2002) argued that turnover theory has relied too heavily on rational analytic decision models, and suggested alternative decision theory frameworks as good jumping off points for advancing turnover theory. Placed in the context of comprehensive turnover models, the processes shown in Fig. 1 are conceived as influencing decision-making between withdrawal cognitions and turnover behavior as individuals are considering whether to quit their jobs or not. For example, in the context of Mobley’s (1977) process model, the processes depicted would occur between thinking of quitting and the decision to quit. In the unfolding model (Lee & Mitchell, 1994), these processes occur in paths 2, 3, and 4 between fit judgments and the quit decision. In Steele’s (2002) evolutionary search model of turnover, the processes illustrated occur during an interactive dynamic learning progression that culminates in the decision to quit or stay.

We believe this analysis will help to explain why some individuals who want to quit follow through on those intentions, while most do not. Additionally, we seek to shed light on why some individuals stay even when more favorable job alternatives are present, while others are willing to quit impulsively with little or no deliberation or planning. There are also implications for other turnover models such as those describing choice among a family of withdrawal behaviors (Hulin, 1991), choice among responses to dissatisfaction (Farrell, 1983), dynamic search processes (Steel, 2002), and the unfolding model of turnover (Lee & Mitchell, 1994). We begin by defining risk and presenting turnover as a risky decision, and then review previous applications of risk in turnover theory. We then review literature on decision-making under risk (e.g., Sitkin & Pablo’s (1992) integration of determinants of risky behavior in an organizational context) as it applies to turnover. Finally, we integrate these literatures, provide propositions, and discuss the implications for understanding turnover.

![Fig. 1. The role of risk in voluntary turnover decisions.](image-url)
1. Theoretical development

1.1. Turnover as risky behavior

Turnover decisions are inherently risky because they involve significant consequences coupled with uncertainty regarding probabilities and outcomes (Sitkin & Pablo, 1992). In fact, behavioral measures of individual propensity to take risks sometimes include job quits as an indicator of willingness to engage in risky behavior (e.g., MacCrimmon & Wehrung, 1985). The most obvious case is deciding to quit a current job without a concrete alternative job or role in hand. This decision involves risk and uncertainty about a number of factors including the likelihood of finding another role, the relative desirability of alternatives, and the time frame for obtaining an acceptable alternative.

Even if quitting for a specific alternative, there is risk and uncertainty involved. A new job, for example, may have some known attributes, such as pay and benefits, but will also consist of numerous uncertainties, such as relationships with new supervisors and co-workers, evolving job responsibilities and career advancement, and the day-to-day work environment. Even more uncertainty would accompany a new job involving geographic relocation, such as family issues like employment for one’s spouse and new schools for one’s children. Quitting for non-work alternatives, such as to become a student or to assume greater child rearing duties, would also involve uncertainty. For example, there may be uncertainty as to whether the new role will be as satisfying or fulfilling as expected. Finally, although quitting a currently held job might generally be considered riskier than staying, this might not always be the case. For example, for an employee of a small high-technology start-up firm offered a higher paying job with a large established company, staying might be the riskier option. These examples illustrate that making a turnover decision requires consideration of the risks and uncertainties involved.

What makes a decision more or less risky? Decisions are riskier to the extent there is variability in potential outcomes, uncertainty about expectancies of potential outcomes, and uncontrollability of outcome attainment (Highhouse & Yuce, 1996; Singh, 1986; Sitkin & Pablo, 1992). Turnover decisions include all three of these characteristics. Quitters may or may not find an alternative, and alternatives vary in their desirability. It is difficult to calculate with certainty the odds of attaining desired outcomes associated with alternatives, and there are certainly elements outside the individual’s control that determine whether potential outcomes are attained. Turnover decisions also involve both positive and negative outcome expectations. Positive expected outcomes associated with leaving might include new experiences or better pay. Negative expected outcomes might include loss of valued relationships at work or loss of benefits associated with seniority. Turnover decisions also seem to involve sufficiently significant outcomes to influence decision-making. Outcomes such as job satisfaction, life satisfaction, financial situation, and family situation are all potentially influenced by turnover decisions. Thus, turnover decisions generally contain all the elements of risky decisions.

1.2. Previous turnover theory and risk

Several turnover theories acknowledge the role of uncertainty and risk in quit decisions in three different ways. One is the recognition of the importance of the uncertainty associated with alternatives. Two is the recognition that frames of reference play an important role in how individuals interpret turnover decisions. Three is the recognition that leaving a job requires sacrifices that must be taken into consideration. March and Simon (1958) argued that the decision to quit, even if one is dissatisfied, depends on an evaluation of the expected utility of perceived alternatives. Such evaluations require estimates of the probabilities of attaining alternatives. Mobley’s (1977) process model of turnover also incorporated the probabilities of obtaining alternatives as a key component, while Mobley et al. (1979) stressed the comparison of the expected utilities of the present job with the expected utilities of alternatives. More recently, Griffith, Steel, Allen, and Bryan (2005) suggested that crystallized alternatives, or those that are more concrete, should be more closely related to turnover than less concrete alternatives. Thus, turnover theory does implicitly consider risk by incorporating uncertainty associated with the availability, attainability, and attractiveness of alternatives. To the extent the labor market or perceived alternatives are less favorable for the individual, quitting should be less likely, ceteris paribus. The role of risk, however, has not been made explicit. An important reason unfavorable markets or alternatives influence quit decisions is because these conditions make quitting a riskier decision. In practice, however, researchers have typically measured characteristics of the labor market or the quantity and quality of perceived alternatives without making assessments of actual risk perceptions.
1.3. Risky decision-making

A great deal of research has examined decision-making under conditions of uncertainty and risk (e.g., Highhouse & Yuce, 1996; Kuhberger, 1998; Sitkin & Weingart, 1995). Much of this research focuses on the normative theory of preferences under risk and departures from it (Bazerman, 1998). Normative decision theory stresses the importance of outcome probabilities, expected values, and rational decision-making. The rational decision-making rule is to assign probabilities to outcomes, calculate the expected values of alternatives, and select the alternative with the highest expected value. However, there is substantial evidence that decision-makers may deviate from this approach for a number of reasons (see Bazerman, 1998, for a review). For example, the certainty equivalent value is the certain value that would make a decision maker indifferent between an uncertain event and that certain value. The certainty equivalent value for a sure gain compared to an uncertain gain is typically far less than the expected value of the uncertain gain, suggesting that decision-makers are averse to risk.

Prospect theory (Kahneman & Tversky, 1979) suggests a number of ways decision-makers depart from normative theory. One is the certainty effect, identified above, suggesting that decision-makers overweight certain outcomes such that certainty increases the attractiveness of gains and the aversiveness of losses. Another is that gains and losses are evaluated relative to a current reference point, and the utilities of changes from this reference point are more important than the utilities of final positions. Also important is the idea that losses loom larger than gains, such that the pain associated with losing an amount is greater than the pleasure associated with gaining that same amount. Perhaps the most interesting implication of prospect theory is the crucial role of issue framing. Decision-makers faced with an issue
framed in terms of potential losses tend to exhibit risk-seeking behavior, while those faced with the same issue framed in terms of potential gains tend to exhibit risk-averse behavior (Bazerman, 1998; Kahneman & Tversky, 1979).

There have been a number of empirical and theoretical challenges to aspects of prospect theory. For example, Hollenbeck, Ilgen, Phillips, and Hedlund (1994), Slattery and Ganster (2002), and Thaler and Johnson (1990) draw on quasi-hedonic editing to suggest that in a dynamic on-going decision context, the outcome history of similar decisions influences risky decision-making. This phenomenon, known as the house money effect (Thaler & Johnson, 1990), describes decision-making in dynamic situations such as when a gambler becomes emboldened and seeks greater risk after winning large sums of money, thus playing with “house money”. Decisions that occur before prior losses or gains are integrated into current reference points and may result in risk aversion associated with loss and risk seeking associated with gain.

However, an explanation for the house money effect from a prospect theory perspective has been put forth in the health care literature. Merpol et al. (2004) found that newly diagnosed cancer patients are more likely to choose risky treatments than patients who have been diagnosed less recently. Raisel, Weinfurt, and Schulman (2005) proposed that this phenomenon occurs due to shifting individual reference points. For instance, consider an individual who before a serious diagnosis has the expectation of a 30 year life span. Upon diagnosis, any treatment option will be framed negatively because all prognoses are less than 30 years. For this patient, a conventional treatment option that would offer a 3 year life expectancy might not differ from a risky treatment option that includes the possibility of a 6 month life expectancy. Although diagnosis of a life-threatening condition may result in an immediate and significant decrease in life expectancy, the patient’s reference point recalibrates more slowly from the pre-diagnosis reference point of 30 years to the post-diagnosis reference point of 5 years as the patient comes to grips with the change in prognosis. Therefore, for newly diagnosed patients, the reference point will reside toward the post-diagnosis peak, rather than the post-diagnosis trough, thus framing the decision negatively and making risky treatment decisions more likely.

However, for a patient who has had multiple recurrences, the reference point will likely have been calibrated down to a more reasonable expectancy, making a less risky treatment a more likely option (Gaskin, Weinfurt, & Castel, 2004). While the difference between a treatment alternative with a minimum expectancy of 3 years versus one with a 6 month minimum expectancy might be insignificant for an individual with a reference point of 30 years, it could be quite significant for a person with a reference point of 5 years. Researchers have used this prospect theory approach to explain risk taking behavior by terminally ill patients (Raisel et al., 2005).

Certain key themes can be drawn from this research and applied to a turnover context. Primary among them is the notion that personal frames of reference such as outcome history are a key influence in making risky decisions. Specifically, even if the house money effect is present, an individual’s turnover outcome history will likely influence the reference point from which the person assesses the risks involved with the turnover decision.

### 2. Risky decisions in an organizational context

Sitkin and Pablo (1992) provided a review, integration, and model of determinants of risky behavior in an organizational context. They proposed a model of decision-making behavior under risk in which the key predictors of risky decision-making are risk propensity and risk perceptions. Risk propensity is a tendency to take or avoid risks in a particular type of situation. Individuals may be risk seeking in some areas of their life while risk averse in others. Propensity in Sitkin and Pablo’s (1992) model is determined primarily by risk preferences, inertia, and outcome history. Risk preferences are a stable disposition to be risk averse or risk seeking across situations. Inertia refers to habitual routines of handling similar risky situations. Individuals develop a relatively stable pattern of responses and tend to respond in similar ways in future decisions. Outcome history refers to the success or failure of prior risky decisions in similar situations. Successes will lead to similar risk propensity in future decisions, while failures will lead to greater variability of risk propensity.

Risk perceptions are the assessment of how risky a situation is in terms of probabilistic estimates of the degree of uncertainty, how controllable the uncertainty is, and the confidence in those estimates. In Sitkin and Pablo’s (1992) model, these perceptions are determined by risk propensity, problem framing, decision-making team homogeneity (for group decisions), social influences, problem familiarity, and organization control systems (for organizational decisions). Risk propensity is described above, and Sitkin and Pablo (1992) suggest that risk-averse decision-makers will perceive more risk while risk-seekers will perceive less. Problem framing refers to whether alternatives are compared in the domain of gains or losses. Social influences refer to opinions and norms of salient others, which can
influence decision-maker perceptions of risk. Problem domain familiarity refers to experience with similar decisions. Sitkin and Pablo (1992) suggest that both low and high levels of familiarity can lead to underestimates of risk because of poor assessment and overconfidence, respectively. Subsequent empirical tests (e.g. Sitkin & Weingart, 1995) support several of the model’s predictions.

3. Integration and propositions

We believe theory and research on risky decision-making has important implications for understanding turnover decisions. Fig. 1 illustrates a model of risk in turnover decisions integrating and applying research on risky decision-making in general, risky decision-making in an organizational context, and turnover theory related to risk in terms of alternatives, sacrifices, and personal frames of reference. Recall that the model is not intended to predict turnover among all employees; instead, it is intended to help explain turnover decisions among employees who are already considering quitting. We use Sitkin and Pablo’s (1992) framework as a starting point because they integrated the risky decision-making literature and applied it directly to decision-making in organizational settings. We place the relationships specifically in a turnover context, make modifications and extensions, and integrate several relevant turnover constructs.

In our model, turnover risk perceptions and turnover risk propensity are the most proximal determinants of turnover choice behavior under risk. Turnover risk perceptions are the perceptions of the amount of risk involved in a particular quit decision. Although decisions may involve objective risk characteristics, research suggests that individuals encountering the same decision characteristics may differ in their subjective perceptions of risk levels. Turnover risk propensity represents the individual’s attitudes toward taking risk in the context of quitting a job. Although individuals do exhibit tendencies to be risk seeking or risk averse in general, research also shows that these tendencies can vary by context. Thus, one could be risk seeking in leisure activities (e.g. skydiving) and risk averse in making job-related decisions, or vice-versa. In our model, propensity and perceptions are influenced by four classes of variables: individual differences, personal frames of reference, the decision context, and social influences.

3.1. Individual differences

We propose that individual differences play a key role in understanding risk propensity. Research indicates that individual differences affect decision-making in general, and specifically the decision to quit. For example, Allen, Weeks, and Moffit (2005) found in their study of gaming and banking employees that aspects of personality moderated the intentions-turnover link. Furthermore, Kraus (1995) found that some individuals display more consistency in their beliefs, attitudes, and behaviors than do others. Our model holds that one particularly important individual difference in the context of turnover is risk preferences. Risk preferences refer to a stable disposition to be risk seeking or risk averse across situations, and there is evidence that individuals differ in this trait (Weber & Milliman, 1997). Individuals who are more risk seeking in general should have a higher risk propensity when considering turnover decisions, while those who are more risk averse in general should have a lower risk propensity when considering quitting.

Proposition 1. Risk preference is positively related to turnover risk propensity.

Other individual factors ought to provide insight into an individual’s willingness to take risks when deciding to leave. Locus of control refers to an individual’s perceived ability to control personal outcomes (Rotter, 1966). Individuals with an internal locus of control (internals) believe that success or failure is due to their own efforts. In contrast, individuals with an external locus of control (externals) believe that what happens to them is controlled by outside forces such as luck, fate, or chance (Spector, 1982). Internal locus of control is positively related to job satisfaction and organizational commitment and is negatively related to turnover intentions and turnover (e.g. Ng, Sorensen, & Eby, 2006).

Although internals tend to have lower turnover intentions and turnover less frequently than externals, once they form intentions to quit, internals tend to be more likely to quit than externals (Allen et al., 2005; Ren & Vandenberg, 1991). We suggest that this may occur because internals have greater turnover risk propensities than externals. Internals are more prone than externals to possess a bias toward optimism that, in turn, can create an inflated generalized expectancy for positive outcomes (McKenna, 1993). For example, internal top executives tend to pursue riskier projects than their external counterparts, and internals are less likely to believe that they will have health problems or be involved in auto accidents than externals (Hoorens & Buunk, 1993; Gouveia & Clarke, 2001; Miller, Kets De Vries, &
This bias toward inflated optimism and expectancy may increase the likelihood that internals will engage in risky behaviors, and Allen et al. (2005) found some evidence that internals are more likely to follow through on turnover intentions. Thus, internals who experience withdrawal cognitions may be more willing than externals to assume greater risks in quitting because they expect positive outcomes to follow from their decision to leave and that ‘bad things’ will not happen to them. Therefore, we hypothesize that internals have higher turnover risk propensities than externals.

Proposition 2. **Internal locus of control is positively related to turnover risk propensity.**

Proposition 3. **Self-efficacy is positively related to turnover risk propensity.**

Proposition 4. **Turnover inertia favoring risky choices is positively related to turnover risk propensity.**

Proposition 5. **Turnover outcome history success is positively related to turnover risk propensity.**

However, competing propositions regarding outcome history failure can be made depending on whether failure results in a direct change in propensity (Sitkin & Weingart, 1995) or simply in greater variability in propensity (Sitkin & Pablo, 1992).
Proposition 6a. Turnover outcome history failure is negatively related to turnover risk propensity.

Proposition 6b. Turnover outcome history failure is related to greater variability in turnover risk propensity.

Problem domain familiarity represents the amount of experience an individual has with making decisions similar to the one he or she faces, and is another aspect of personal frames of reference. Some individuals facing a turnover decision will have dealt with many such decisions, whereas others may have never faced one before. Individuals with little experience are more likely to make poor assessments of risk and to underestimate risk levels (Sitkin & Pablo, 1992). As individuals acquire experience, they are able to make more accurate assessments of risk levels. However, as they gain extensive experience, individuals tend to downplay current situational constraints and place increasing confidence in their own abilities and successes. When individuals overweight their own abilities and underweight current constraints, they can become overconfident and underestimate actual risk. Thus, individuals with little experience making turnover decisions and those with extensive experience (e.g., job-hoppers) are both likely to underestimate risk.

Proposition 7. The relationship between turnover problem domain familiarity and turnover risk perceptions is curvilinear, such that problem domain familiarity will be positively related to turnover risk perceptions up to a point, beyond which increasing familiarity will be related to decreasing turnover risk perceptions.

5. Decision context

Decision-making occurs amidst a vast array of situational factors. These contextual features, such as the nature of the problem being addressed, often influence the decision-making of individuals. Personal circumstances influence the perceptions, attitudes, and ultimately the behavior of individuals. In this way, the decision context shapes and impacts the ultimate decision to quit or stay through both risk propensity and risk perceptions. We propose two key components of the decision context: problem framing and the favorability of alternatives.

Problem framing in terms of gains or losses is one of the most robust findings in risky decision-making research. Prospect theory argues that problems that are framed in the domain of gains tend to lead to risk aversion, while problems that are framed in the domain of losses tend to lead to risk seeking (Kahneman & Tversky, 1979). For example, in combating a hypothetical deadly disease expected to kill 600 people, most respondents choose an option to save 200 people for sure over an option with a 1/3 chance to save all 600 and a 2/3 chance to save none, even though the expected values are the same. However, when the exact same scenario is presented in the domain of losses, most respondents choose an option with a 1/3 chance that nobody will die and a 2/3 chance that all 600 will die over an option in which 400 people will die for sure (Tversky & Kahneman, 1981).

Prospect theory is intended to be applicable to choices involving a variety of attributes and when probabilities are not explicitly known (Kahneman & Tversky, 1979). Turnover decisions, then, that are framed in the domain of gains, i.e. focusing on what one stands to gain by quitting compared to what one stands to gain by staying, should be related to risk aversion, and thus lower turnover risk propensity. Turnover decisions that are framed in the domain of losses, i.e. focusing on what one stands to lose by quitting compared to what one stands to lose by staying, should be related to risk seeking, and thus greater turnover risk propensity. Of course, turnover decisions involve numerous comparison factors, and it is unlikely that decision-makers would focus solely on the domain of gains or the domain of losses. However, in each decision situation, some factors are likely to be more salient than others. In some cases, individuals may be more focused on decision factors in the domain of gains while in others they may be more focused on decision factors in the domain of losses.

Note also that Sitkin and Pablo (1992) suggest that problems that are framed positively in the domain of gains will be positively related to risk perceptions, that is, how risky the decision is rather than the inclinations to take risk or not, and vice versa. This argument is based on the assumption that, since positive framing has been found to be related to risk avoidance then it must be positively related to perceptions of risk (and vice versa for negative framing). These arguments lead to potentially competing propositions regarding whether framing is directly related to risk propensity or risk preferences, although it may also be the case that framing affects both.

Proposition 8a. Problem framing in terms of gains (losses) is negatively (positively) related to turnover risk propensity.

Proposition 8b. Problem framing in terms of gains (losses) is positively (negatively) related to turnover risk perceptions.
The quantity, attractiveness, and attainability of alternative roles should be related to turnover decisions; however, the evidence for direct relationships of labor market conditions or perceived alternatives with individual turnover is mixed and inconsistent (Hom & Griffeth, 1995). It may be that one mechanism by which alternatives, whether work or non-work roles, influence turnover is by affecting the perceived risk of quit decisions. To the extent potential alternative roles are less favorable (e.g. not plentiful, not attainable, or not attractive) for the individual, quitting should be seen as involving greater risk. Further, Steel (2002) recently argued that resource substitutability (having resources available that decrease dependence on a particular job) may explain impulsive quitting and other examples of quit behaviors that seem to ignore perceptions of alternatives. Resource substitutability may operate in part by increasing the relative favorability of alternatives and decreasing perceptions of the risks associated with quitting. For an individual with a working spouse supplying an alternate source of income, the option not to work should be relatively more favorable, and the risks associated with quitting should be less.

**Proposition 9. Favorability of alternatives is negatively related to turnover risk perceptions.**

### 6. Social influences

Action takes place not in a social vacuum, but instead in the context of interconnected social relationships (Gulati, Dialdin, & Wang, 2002). Social influences impact the way individuals make decisions, especially risky decisions such as the choice to leave a job. In our model, we highlight two fundamental social influences that likely influence turnover risk perceptions: normative influences and embeddedness.

Normative influences through the opinions of salient others are an important factor that influences turnover decision-makers. Sitkin and Pablo (1992) focused on organizational culture and leaders as social influences on organizational decisions. For individual turnover decisions, co-workers, supervisors, mentors, as well as family and friends might all influence perceptions about a turnover decision. For example, Krackhardt and Porter (1986) found that social networks influenced turnover in a kind of snowball effect wherein turnover among a central or similar employee in the communication network could lead to turnover among other employees. Additionally, Mossholder, Settoon, and Henagan (2005) suggest that employees who have greater numbers of close relationships with co-workers are more invested in the organization, and thus less likely to turn over. Researchers have also suggested that organizations could develop a turnover culture that expects and reinforces turnover. To the extent salient others view a turnover decision as risky, this may influence individual perceptions of the risk involved. The theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980) supports the notion that the norms and opinions attributed to salient others influence decision-making. However, research and theory on planned behavior also suggest that individuals differ in their level of motivation to comply with the opinions of important others. Thus, motivation to comply could moderate relationships between social influences and risk perceptions.

**Proposition 10. Salient other perceptions of turnover risk are positively related to turnover risk perceptions.**

**Proposition 11. Motivation to comply moderates the relationship between other perceptions of turnover risk and turnover risk perceptions such that the relationship is stronger when motivation to comply is higher.**

Greater sacrifices associated with quitting a job should increase the perceived risk involved with a turnover decision. Over time, individuals become enmeshed in a web of material and psychological relationships involving their jobs, organizations, co-workers, and communities. Severing or rearranging these ties can result in sacrificing important investments and relationships. The job embeddedness construct (Mitchell et al., 2001) describes the extent to which an individual is linked in this manner, and is based upon three dimensions: links (to the organization and the community), fit (with the organization and the community), and sacrifices (both organization-related and community related).

The notion of fit has great explanatory power in the context of risky decision-making. Job embeddedness theory holds that the values and goals of the individual employee must fit with the overall culture of the organization (Holton & Inderrieden, 2006). Other aspects of fit are also important. For example, an individual’s fit with the local customs and norms of the community are also important (Mitchell et al., 2001). Accordingly, the greater the fit between the employee and the situation, the greater the likelihood that the individual will feel connected to the organization.

The factors described, links, fit, and sacrifices, all contribute to a social grounding that creates a stable life space (Lewin, 1943) for the individual, and thus raises perceptions of risk for any decision that might create a disruption. In this way, individuals who are more deeply embedded in their organizations and their communities may perceive
turnover decisions as involving greater risk, because of the potential sacrifices, loss of relationships, and loss of fit involved.

**Proposition 12.** Embeddedness is positively related to turnover risk perceptions.

**7. Propensity and perceptions: proximal determinants**

Finally, risk propensity and risk perceptions are the most proximal determinants of risk-related behavior. Both perceptions of the risks involved in quitting and individual inclinations to take turnover-related risks could be directly related to turnover choice behavior. If quitting a job is typically a riskier choice than staying, then risk perceptions should be negatively related to turnover, while risk propensity should be positively related to turnover. Further, Sitkin and Pablo (1992) suggest that risk propensity influences risk perceptions. Individuals who are risk-seeking in a particular situation are likely to perceive less risk, whereas those who are risk-averse may be likely to perceive more risk. However, it is more likely that we need to consider both risk perceptions and risk propensity together to understand their influence on choice, especially since turnover choices likely vary a great deal in terms of risk and quitting may not always be the riskier option. High turnover risk perceptions should indeed make it less likely that a risk-averse decision-maker will quit, but might not hinder a risk-seeking decision-maker. For example, an individual with greater risk propensity would be more likely to quit without an alternative in hand than one with a lower risk propensity. However, if quitting were seen as low risk, perhaps because of a concrete alternative, a favorable labor market, or a wealthy spouse, then the degree of risk propensity would be less important. Thus, risk propensity and risk preferences may interact in influencing turnover behavior.

**Proposition 13.** Turnover risk propensity is negatively related to turnover risk perceptions.

**Proposition 14.** Turnover risk propensity is positively related to turnover.

**Proposition 15.** Turnover risk perceptions are negatively related to turnover.

**Proposition 16.** Turnover risk propensity and turnover risk perceptions interact in influencing turnover. The relationship between risk perceptions and turnover is more negative for risk-averse individuals.

**8. Discussion**

Our goal was to draw from research and theory on how individuals make decisions involving risk to improve our understanding of the factors influencing turnover decisions among individuals considering quitting. Our analysis suggests that individual differences, personal frames of reference, the decision context, and social influences affect perceptions of the risk associated with quitting as well as the willingness to take risks in this particular situation. Risk perceptions and risk propensity then influence the likelihood of following through with the desire and/or opportunity to quit. In developing this framework, we drew on a well-established area of decision-making research that recognizes that human decision-making is not always based on rational calculations, and integrated this body of literature with current turnover theory. Further, our four-component model of the antecedents of risk propensity and risk perceptions extends and integrates previous efforts to translate research on risky decision-making to organization-specific contexts.

This model contributes to turnover theory by partially explaining why many individuals who are dissatisfied, searching for alternatives, thinking of quitting, and even intending to quit often do not. Quitting is not a choice without risks. Often, the risks associated with quitting may be too great despite dissatisfaction or even alternative opportunities. In most cases, we suspect that quitting would tend to be the riskier choice compared to staying because of the uncertainties and unknowns involved. Coupled with a general tendency toward risk aversion, this may partially explain why so many individuals who express a desire to quit do not. At the same time, the framework helps to explain why others may be willing to quit without any effort to secure an alternative beforehand. In some circumstances, quitting without a concrete alternative would not necessarily be perceived as high in risk. Further, regardless of the risks involved, some individuals would have a high propensity to take risks in this context.

As noted earlier, this model is not intended to replace other more comprehensive models of the complete turnover process, but instead to explain an important and overlooked part of the process for individuals already thinking of quitting. Still, it has implications for other turnover theories. For example, some models of withdrawal suggest that
there are multiple potential responses to dissatisfaction such as expressing voice, attempting change, neglect, and turnover (Farrell, 1983). Each alternative may have some element of risk associated with it that may vary by context and individual assessment. Thus, consideration of risk propensity and risk perceptions may help explain how individuals choose among response options. In a similar vein, some researchers consider turnover one among a family of withdrawal behaviors such as absenteeism and lateness (Hulin, 1991). Again, consideration of the risks involved may help explain when certain withdrawal behaviors might be favored over others.

Risk considerations also seem important for understanding the impact of search processes on turnover. For example, Steel (2002) suggests that search is a dynamic process that influences and is influenced by traditional affective models of withdrawal. In this model, as search processes evolve over time, individuals receive greater feedback and gain more knowledge about their potential opportunities, which then influences their withdrawal responses. It is possible that one mechanism by which this job search feedback affects decision-making is through effects on the individual’s assessment of the risks involved in quitting. Similarly, during the search process, Steel, Griffeth, and Hom (2002) suggest that the crystallization of alternatives is an important precursor to turnover decisions. Alternatives that are more crystallized or concrete (e.g., an offer in hand) are more likely to lead to turnover than those that are vague. Degree of crystallization likely influences risk perceptions in a given situation, as crystallization should be directly related to greater certainty regarding the probabilities of outcomes. At the same time, a risk framework may also help explain why individuals in some occupations (generally those experiencing high demand) are more likely to quit without a concrete alternative in hand.

Risk may also have implications for turnover advances such as the unfolding model and embeddedness. The unfolding model describes how individual frames of reference affect the way individuals respond to shocks that induce them to consider quitting. In terms of the aspects of frames of reference that are important, the unfolding model focuses on whether the individual has a script in place to deal with certain situations. Our analysis of the role of risk provides several specific examples of other aspects of an individual’s personal experiences and frame of reference and how they may influence turnover decision-making. Also, the construct of embeddedness has been found to explain additional variance in turnover beyond attitudes, alternatives, and intentions. Given this construct’s focus on sacrifices that would be lost and links and relationships that would have to be severed or at least altered, it certainly seems that risk perceptions and the willingness to take risks would help explain part of the mechanisms involved.

There may be other factors that play an important part in understanding the role of risk in turnover decisions as well. Our model conceptualizes four categories of variables that influence risk, including the individual differences of risk preference, locus of control, and self-efficacy. However, other individual differences such as personality traits and need for achievement may also play a role. Need for achievement is the desire to perform challenging tasks well (McClelland, 1961). Individuals with a high need for achievement have a strong desire to perform well on challenging tasks and on achieving personal goals. High need for achievement individuals prefer achievement circumstances where they have personal responsibility for outcomes and receive personal credit for their accomplishments (Miner, 2002). In addition, they prefer circumstances that carry intermediate levels of risk and difficulty and prefer to avoid circumstances with either low or high levels of risk. They calculate risks involved in situations and choose those situations that allow them to satisfy their high need for achievement motives. It stands to reason that risk perceptions may moderate the relationship between high need for achievement and turnover risk propensity. Specifically, high need for achievement may have a stronger and more positive relationship with risk propensity when risk perceptions are intermediate than when risk perceptions are low or high.

Positive and negative affect may also be important to how individuals perceive and respond to risky decisions. Mittal and Ross (1998) suggested that positive affective states would influence outcome assessment in at least two ways. One, individuals in a positive affective state would be more likely to view ambiguous information as an opportunity rather than a threat. Two, they might also be more risk averse. Similarly, Leith and Baumeister (1996) suggested that negative affect would lead to risk seeking behavior. The emotional state could alter subjective utility estimates of outcomes and also lead individuals to ignore rational calculations and be more impulsive. Their results suggested negative affect accompanied by arousal led to riskier choices. In a turnover context, this may suggest that risky behavior (such as quitting without an alternative) is most likely when negative affect (such as from job dissatisfaction) is accompanied by arousal (such as from a shock to the system, Lee & Mitchell, 1994).

Research is needed to assess the role of risk in understanding turnover and test our propositions. Although not common in turnover research, research on risky decision-making often relies on experiments to establish choice behavior under certain conditions, and such an approach might be a useful first step in this case. For example, one of
Kahneman and Tversky’s (1979) original examples had subjects choosing between a 50% chance to gain $1000 or a 100% chance to gain $500. The expected value of these options is equivalent. They then manipulated the scenario so that for some it was presented as a gain (as above) while for others it was presented as a loss (50% chance to lose $1000 versus 100% chance to lose $500). Because subjects should be indifferent to choosing between options with equal expected values, this scenario allows researchers to manipulate other conditions (such as positive or negative framing in this example) to investigate the effects on decision-making.

In the case of turnover, it seems infeasible to comprehensively and realistically provide probabilities and monetary values associated with all the factors involved in a turnover decision. Kahneman and Tversky (1979) argued that prospect theory is applicable to choices involving attributes other than money and when probabilities are not explicitly known. As an example of a problem with non-monetary outcomes, they asked subjects to choose between a 50% chance to win a three-week tour of England, France, and Italy or a 100% chance to win a one-week tour of England. Thus, it may be feasible to create a turnover scenario in which the option to remain in a job or quit should be equally attractive. Such a scenario would enable researchers to manipulate model variables, such as framing, to investigate their effects on turnover decision-making.

Of course, research on employees making actual turnover decisions would also be necessary. There are examples of research studying the role of risk perceptions and risk attitudes on other types of employee behavior. For example, Dulebohn (2002) examined the effects of risk preferences on allocation decisions in 401(k) plans. It should be feasible to more comprehensively attend to individual risk propensity and risk perceptions, as well as their antecedents, and to study their effects on turnover decision-making over time.

9. Concluding remarks

We believe this analysis makes several important contributions. One, we incorporated the idea of risk into thinking about turnover in a way that is new on the scholarly landscape. Two, we described how risk assessments and characteristics can aid our understanding of several prominent turnover theories. Three, we adapted Sitkin and Pablo’s (1992) more general model of risk in organizational decision-making to a more specific context, making several modifications and extensions to their framework. Four, we provided a unique alternative explanation for modest relationships between intentions and behavior beyond the theory of planned behavior.

In sum, applying risky decision-making models to individual turnover decisions can increase our understanding of turnover decisions among those considering quitting. Is quitting my job risky business? It depends in part on how risky I believe leaving would be and how I feel about taking those risks.

References


