Should I stay or should I go? The role of risk in employee turnover decisions

James M. Vardaman, David G. Allen, Robert W. Renn and Karen R. Moffitt

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ABSTRACT

The decision to leave a job has long been infused with risk for the worker deciding whether or not to leave the organization. However, the role of risk in employee turnover decisions has been largely unexplored in the turnover literature. This article integrates concepts from the turnover and risk literatures to better understand the decision processes of workers contemplating the decision to leave a job. The article offers two studies that investigate the impact of risk perceptions and turnover risk propensity on that decision. Study 1, a field study based on a sample of 155 US service workers in the gaming industry, shows that risk perceptions and propensity for risk moderate the relationship between turnover intentions and turnover behavior. Study 2, a laboratory experiment based on a sample of 222 working students, explores the role of framing and social influences on perceptions of risk and individual tendencies for risk-taking in a turnover context. Findings from Study 2 suggest that positive framing impacts on an individual’s propensity for risk-taking when considering leaving a job, but does not impact on individual perceptions of risk, thus supporting the predictions of prospect theory in a turnover context. Taken in concert, these studies provide insight into how risk influences the decision processes of workers considering whether to sever an employment relationship. The implications and limitations of the research are discussed, and the relevance for future research is highlighted.

KEYWORDS
decision-making • prospect theory • retention • risk • turnover
Employee turnover can be costly for organizations and risky for employees (Fitz-Enz & Davidson, 2002). Research on turnover and retention often highlights the financial costs to the organization of finding and replacing workers, and the costs associated with recruiting, hiring and training employees continue to be burdensome for employers (Kammeyer-Mueller & Wanberg, 2003). In fact, research has shown that the cost of replacing a single worker can range from 93 percent to 200 percent of the budgeted salary for the vacated position (Griffeth & Hom, 2001). The intangible costs of employee turnover may also be a concern. High turnover rates can lead to a loss of organizational memory and an absence of seasoned mentors for new organization members (Griffeth & Hom, 2004). Further, a general loss of efficiency and continuity, and the exposure of trade secrets can also be a consequence of turnover (Griffeth & Hom, 2001). While the costs to the organization of turnover are readily acknowledged, the costs to the individual employee who decides to leave may also be high. Factors such as loss of seniority and close personal relationships, as well as costs such as maintaining health insurance coverage and a loss of income make the decision to quit a job a complex choice filled with uncertainty.

Although extant turnover theory has hinted at the possible role of risk in the individual decision to quit, the notion of turnover as a risky decision has not been explicitly incorporated in the predominant turnover frameworks. Considerable research describes the factors that push employees to voluntarily leave organizations (job dissatisfaction), the factors that pull employees away from organizations (alternative job opportunities) and the processes by which individuals make turnover decisions. However, the role of risk is underdeveloped in the context of turnover, and 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. More attractive opportunities sometimes lead employees to quit, but often do not. Even the vast majority of employees who report intending to quit their jobs do not actually do so (Griffeth et al., 2000; Hom & Griffeth, 1995). Existing turnover frameworks have not adequately taken into consideration the risks associated with quitting one’s job and the potential that research on risky decision-making has for advancing understanding of turnover. We propose that examining how risk influences the decision to quit or stay should help clarify the turnover process.

Drawing on this rationale, we argue that turnover decisions are inherently risky. Although aspects of uncertainty and risk have been incorporated in some turnover models (March & Simon, 1958; Mobley et al., 1979), there is an extensive research literature on how individuals make decisions.
under risky conditions that has not been systematically applied to and integrated within contemporary turnover theory. For example, prospect theory (Kahneman & Tversky, 1979) has implications for making risky decisions but has not been explicitly incorporated into turnover frameworks. Integrating risk into the turnover decision is important, both for understanding the nature of turnover decisions and for understanding the risks inherent in the employment relationship facing workers. An emerging trend in organizations is the shifting of risk away from the organization and toward individual employees as they make employment-related decisions. This trend is evident in many aspects of the worker’s organizational life. For example, the shift from defined benefit to defined contribution retirement plans requires employees to make important decisions about retirement investment allocations and bear the risk of the outcomes of those decisions. Similarly, the shift to consumer-driven health care plans places more of the financial and decision-making burden on individual employees and requires them to bear more of the risk associated with determining appropriate levels and types of both insurance coverage and health care to seek. This trend has led to the individual worker bearing an ever-increasing risk burden, and has contributed at least somewhat to the deterioration of employee loyalty (Griffeth & Hom, 2001). One of the most important employment decisions an employee makes is whether to sever an employment relationship altogether, and there has clearly been a shift in attitudes toward quitting as the expectation of long-term employment stability has broken down. Individual loyalty is increasingly weak in response to pervasive corporate downsizing (Griffeth & Hom, 2001), and employees are in fact now encouraged to manage their own careers and assume the associated risks of individual decisions. Thus, greater understanding of the role of risk in turnover decision-making may have valuable theoretical and practical implications.

The aim of the present research is not to add to the extensive literature addressing the forces that drive individuals to consider quitting. Instead, we focus on adding to the understanding of the decision-making of individuals who are already considering or perhaps even planning to quit for voluntary and controllable (from the employee’s perspective) reasons. In this article, we seek to integrate research on risky decision-making in general (Kahneman & Tversky, 1979) and risky decision-making in an organizational context (Sitkin & Pablo, 1992) into the context of turnover decision-making. Drawing on this research, we propose that risk influences the decision-making process of workers as they consider the decision to quit. We also recognize the notion that decision-makers often depart from rational decision-making rules. With insights derived from Steel (2002), we argue that...
turnover theory relies too heavily on rational analytic decision models, and suggest that alternative decision theory frameworks are good jumping off points for advancing turnover theory.

We offer two studies that examine the role of risk in individual turnover decisions. Study 1 addresses questions regarding whether risk plays a role in actual turnover decisions. In this field study, we explore the notion that risk perceptions and turnover risk propensity are important factors that moderate the relationship between the intention to quit and actual quitting. Placed in the context of comprehensive turnover models, the processes proposed in Study 1 are conceived as influencing decision-making that occurs between considering quitting and turnover behavior. Study 2 is a scenario study with working students that addresses questions related to social influences, framing, risk perceptions and turnover risk propensity in a turnover decision-making context. We believe that this analysis will help to explain how risk shapes the decision-making of workers considering leaving their current organization.

Study 1: The role of risk in the intentions–turnover relationship

A critical step in investigating the role of risk in turnover decisions involves observing whether the phenomenon occurs in natural settings. In Study 1, our key question is whether risk-related constructs impact actual turnover decisions in the field. Although risk may influence turnover decision-making at various points, our focus initially is on the linkage between turnover intentions and turnover. The transition from attitudes and intentions to actual withdrawal behavior is both crucial to understanding turnover decisions and a likely place for risk to play an important role. While intentions are often excellent predictors of behavior, evidence from the turnover literature suggests that this relationship is likely moderated by situational or individual factors. Additionally, research has shown that intentions tend to overestimate the actual performance of behaviors, especially when those behaviors can be considered risky in nature (Ajzen & Fishbein, 1980).

Although turnover intentions are considered the single best predictor of actual turnover, the link between the two varies widely across studies, and turnover intentions rarely explain more than 20 percent of turnover variance (Griffeth et al., 2000). Additionally, results from Griffeth et al.’s (2000) turnover meta-analysis yielded wide credibility intervals (.00–.77) in the intentions–turnover relationship, and showed that only 4 percent of the variance was attributable to statistical artifacts, indicating that the strength
of the relationship between turnover intentions and actual quitting is likely influenced by moderating factors (Hom & Griffeth, 1995). Turnover research has begun to explore this possibility. For example, Allen et al. (2005) examined the moderating role of individual differences, and found that self-monitoring, risk aversion and locus of control moderated the relationship between turnover intentions and turnover. The identification of these moderators suggests both that the individual factors do indeed matter, and that there may be internal psychological dynamics that predispose an employee to follow through on intentions to leave an organization.

Research on risky decision-making in organizational contexts suggests several risk-related constructs that influence risky decisions (e.g. Sitkin & Pablo, 1992). Risk is defined as ‘the extent to which there is uncertainty about whether potentially significant and/or disappointing outcomes of decisions are realized’ (Sitkin & Pablo, 1992: 10). Decisions are considered riskier when outcomes are more uncertain, potential outcomes are less controllable and potential outcomes are significant. Research on risk in an organizational context has offered two key influences on risky decision-making: risk propensity and risk perceptions.

In Study 1, we examine the moderating role of risk perceptions and turnover risk propensity on the turnover intentions–turnover behavior relationship. Risk perceptions refer to the individual’s awareness of the amount of risk involved in a particular decision, in our study the decision to leave a job (Sitkin & Pablo, 1992). Specifically, perceptions of risk are conceptualized as estimates of the degree of uncertainty of different outcomes, the expectation of realizing those outcomes and the significance of the outcomes. These estimates contribute to an overall assessment of risk by the individual (e.g. Sitkin & Weingart, 1995). Although decisions may involve objective characteristics of risk, research suggests that individuals encountering the same decision characteristics may differ in their subjective perceptions of risk levels. From the perspective of a turnover decision, these estimates of uncertainty are specific to the decision to leave.

In general, risky decisions are less attractive than decisions with a smaller amount of risk. For example, research on the certainty effect shows that decision-makers overweight certain outcomes such that certainty increases the attractiveness of gains and the unpleasantness of losses (Bazerman, 1998). Therefore, we expect that perceptions of risk will influence the likelihood of quitting. Lower levels of perceived risk will likely influence the individual decision-maker to proceed with intentions to leave an organization, while higher levels of perceived risk will likely influence the individual decision-maker to refrain from following through on the intention to leave.
Even when the desire to quit is strong, there may be risks associated with the decision. Examples of these risks include: the likelihood of finding an alternative; the attractiveness of alternatives; the severing of relationships at the current job; sacrificing accrued tangible and intangible benefits at the current job; and the uncertainty of unknown attributes of alternatives. This is conceptually similar to the notion that the desire to leave interacts with ease of leaving (e.g. Trevor et al., 1997), but broader in that we expand the conceptualization of what makes a turnover decision risky beyond the availability of alternatives.

**Hypothesis 1**: Risk perceptions moderate the relationship between turnover intentions and turnover such that the relationship is weaker for those with high risk perceptions than it is for those with low risk perceptions.

Although in general people tend to avoid risk, evidence suggests that some individuals may have tendencies to seek risk in certain circumstances. Risk propensity is an individual attitude that influences one’s personal proclivity to be risk seeking or risk averse in particular situations, and there is evidence that individuals can be influenced to be more risk averse or risk seeking dependent upon the situation (Brockhaus, 1980; Sitkin & Pablo, 1992). While individuals do exhibit tendencies to be risk seeking or risk averse in general, research also shows that these tendencies may be situational and may vary depending upon the nature of the decision. Thus, one could be risk seeking in leisure activities such as skydiving or driving fast automobiles, while being risk averse in making job-related decisions, or vice versa.

Therefore, we conceptualize turnover risk propensity as a general tendency to be risk seeking or risk averse when facing turnover-related decisions. Sitkin and Pablo’s (1992) conceptualization of the determinants of risky behavior provides keen theoretical insight into the risk propensity construct. Risk propensity, as conceptualized by Sitkin and Pablo, is an attitudinal construct that is influenced by risk preferences, outcome history and inertia. Contrary to trait-based views of risk propensity that make the construct resistant to variance, this conceptualization is based upon a perspective that risk propensity is an attitude; that risk-taking tendencies can be impacted by other factors and may be situation-specific. It is this view of risk propensity that we take in our analysis.

Given the inherently risky nature of turnover decisions, turnover risk propensity may also moderate the relationship between turnover intentions...
and turnover. In this case, higher turnover risk propensity is expected to make individuals more likely to follow through with quitting. When turnover risk propensity is low, the relationship will be weaker because of the myriad risks associated with the decision (e.g., the likelihood of finding an alternative; the attractiveness of alternatives; the severing of relationships at the current job; sacrificing accrued tangible and intangible benefits at the current job; and the uncertainty of unknown attributes of alternatives) may hinder quitting even when the desire to quit is strong. When turnover risk propensity is high, the individual is more likely to proceed with quitting even in the face of numerous risks.

**Hypothesis 2**: Turnover risk propensity moderates the relationship between turnover intentions and turnover such that the relationship is stronger for those with high turnover risk propensity than it is for those with low turnover risk propensity.

**Method**

**Overview**

The purpose of Study 1 was to test the moderating role of risk perceptions and risk propensity on the intentions–turnover relationship in a field setting. Participants of a larger study were surveyed about their risk perceptions, risk propensity, and turnover intentions. Participants identified themselves in order to match responses with organizational turnover records. Turnover data were collected from company records one year later.

**Sample and procedures**

The sample consisted of 155 employees of a large, national entertainment and gaming corporation in the United States. New hires from the organization voluntarily completed a survey that was mailed to them. The survey was mailed to 458 new hires. Of those, 175 returned the survey, a response rate of 38 percent, and 155 provided complete data. As mentioned in the overview, participants were asked to identify themselves to facilitate matching of their responses with organizational turnover records, thus it was assured that individual responses would not be shared with management. Approximately one year after the survey administration, turnover data were collected from company records. Approximately 8 percent of the sample had
voluntarily left the organization within one year, as determined by organization records and exit interviews. The sample was 51 percent female, and the average age of participants was 36 years. The sample was 74 percent Caucasian, 10 percent Asian-American, 9 percent African-American, 5 percent Hispanic, and 2 percent other.

The sample consisted entirely of hourly employees primarily centered in service work, including cooks, waiters, casino dealers, security officers and pit clerks. Some researchers, such as Grinols (2004) have characterized jobs created by legalized casino gaming as low skill, low paying service jobs. With unemployment rates in the United States hovering around 5 percent at the time of the study, the role of risk in the turnover decisions of low skilled, low wages workers could be questioned in light of the abundance of service jobs. However, the workers sampled in this study are primarily located in areas stricken with deep poverty and little economic development. Casino gaming was legalized in many of these areas at least partly in order to stimulate job growth in impoverished areas. While low paying service jobs could be considered abundant in general in the United States, this condition did not hold in many of the areas in which our respondents resided. In essence, jobs at casino gaming resorts constituted the only chance for employment for many people.

Further, to ensure that an abundance of service jobs did not confound our results, we included the control variable ease of movement in our study. Perceived employment alternatives have been a key component of turnover frameworks since March and Simon (1958) introduced their inducements-contributions model of turnover in which alternatives are a key indicator of ease of movement. Perceived alternatives have been conceptually and empirically linked to both search behavior and turnover intentions (Griffeth et al., 2005; Mobley et al., 1978). Therefore, we included this variable in the analysis in order not only to avoid the omission of an established variable that is present in numerous turnover frameworks but also to control for the effects of perceptions of the availability of comparable jobs by respondents.

**Measures**

**Turnover intentions**

Turnover intentions were measured on a five-point Likert-type scale from 1 = ‘Definitely Yes’ to 5 = ‘Definitely No’. The measure was from Hom and Griffeth (1991). It consisted of three items ($\alpha = .91$) that ask about an individual’s intent to leave his or her job. For example, the third item was ‘I intend to quit my present job’.


**Risk perceptions**

Risk perceptions were measured on a five-point Likert-type scale from 1 = ‘Strongly Disagree’ to 5 = ‘Strongly Agree’ that was created by the authors. It consisted of three items ($\alpha = .74$). For example, item one was ‘There is a good bit of uncertainty about which of these choices will work out better’. All risk perception items are presented in the Appendix. In constructing the scale, we first consulted a team of content experts, including an economics professor who researches risk in financial portfolio decisions, two experienced turnover researchers and graduate students with professional experience in human resource management. Based on the recommendations of the content experts, we formed ten questions that covered the content domain of risk perceptions. After multiple meetings and an iterative process, six items were chosen. The content experts were then consulted again concerning content validity and agreed that these six items reflected the content domain of risk perceptions. The items tap the components of risk identified in Sitkin and Pablo’s (1992) definition but are intended to measure an overall assessment of risk. While risk perceptions are conceptualized by Sitkin and Pablo as estimates of the uncertainty, expectation and significance of potential outcomes, these aspects of risk perception have been operationalized empirically as a uni-dimensional construct (Sitkin & Weingart, 1995). Consistent with this view, our measure of risk perceptions combines multiple components that go together to form an overall assessment of risk. We piloted the measure on a sample of 79 students. The measure exhibited excellent reliability in the pilot sample ($\alpha = .87$).

We were limited in terms of survey length by constraints set forth by the organization in Study 1. Managerial decision-makers at the organization set clear parameters as to the length of the instrument, and thus we were forced to use a truncated version of the six-item scale that consisted of three items. We chose the three that we thought best represented the content domain. We examined the results of the pilot sample and found that the three items selected exhibited sufficient reliability in the pilot sample ($\alpha = .75$). Thus, we used those three items to measure risk perceptions. The six-item version was used in Study 2, due to additional availability of space on that survey instrument. All six items are shown in the Appendix. The reliability of the scale reached acceptable levels for both studies.

**Turnover risk propensity**

Risk propensity was measured on a five-point Likert-type scale from 1 = ‘Strongly Disagree’ to 5 = ‘Strongly Agree’. The measure was from...
Gomez-Mejia and Balkin (1989). It consisted of four items ($\alpha = .76$). For example, the first item was ‘I am not willing to take risks when choosing a job or a company to work for’.

**Turnover**

Turnover was assessed via organization records one year after surveys were administered. Respondents were coded 0 for stayers and 1 for voluntary leavers.

**Ease of movement**

Ease of movement was measured on a five-point Likert-type scale from 1 = ‘Strongly Disagree’ to 5 = ‘Strongly Agree’. That measure, known as the employment opportunity index, was from Griffeth et al. (2005). It consists of 14 items ($\alpha = .72$).

**Analysis**

Because the dependent variable is dichotomous, we used hierarchical moderator logistic regression to test the hypotheses. Independent variables are entered in the step 1. These include turnover intentions, risk propensity and risk perceptions as well as the control variable, ease of movement. In step 2, we enter the multiplicative interaction term between each risk variable and turnover intentions.

**Results**

The means, standard deviations, reliabilities (Cronbach’s alphas) and correlations among study variables can be found in Table 1. Hypothesis 1 proposes that risk perceptions moderate the intentions–turnover relationship. These results are reported in Table 2. Risk perceptions, ease of movement and turnover intentions are entered in step 1. This step is significant, with only turnover intentions significantly related to turnover. Holding the other variables constant, for each one-unit increase in turnover intentions, the odds of quitting go up on average by a multiplicative factor, sometimes called an *odds ratio*, of 1.61. The interaction term for risk perceptions and turnover intentions is entered in step 2. This step is significant, and the interaction term is also significant. The coefficients for the interaction term indicate that for each one-unit increase in risk propensity, the relationship between
intentions and turnover changes by a multiplicative factor of .66. Because this value is less than 1, as risk perceptions increase, the effects of turnover intentions on turnover behavior get weaker, thus supporting Hypothesis 1.

In order to illustrate the nature of the interaction, we present the relationship between turnover intentions and predicted log odds for turnover for those with high and low risk perceptions in Figure 1. To aid the interpretation of results, Jaccard (2001) has suggested plotting predicted log odds in

### Table 1 Correlations and descriptive statistics for Study 1 variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Risk propensity</td>
<td>2.57</td>
<td>.82</td>
<td>(.76)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Ease of movement</td>
<td>3.16</td>
<td>.62</td>
<td>-.24*** (.72)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Risk perceptions</td>
<td>3.49</td>
<td>1.17</td>
<td>.16</td>
<td>-.50** (.74)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Turnover intentions</td>
<td>1.91</td>
<td>1.29</td>
<td>-.16* (.29** (.91))</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Turnover</td>
<td>.08</td>
<td>.27</td>
<td>-.06</td>
<td>.16</td>
<td>-.19* (.30**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Reliabilities (Cronbach’s alphas) are given in parentheses.

* p < .05; ** p < .01.

### Table 2 Study 1: Summary of hierarchal moderator logistic regression analysis predicting turnover using risk perceptions

<table>
<thead>
<tr>
<th>Variable</th>
<th>β</th>
<th>Exp (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk perceptions</td>
<td>-.73</td>
<td>.48</td>
</tr>
<tr>
<td>Ease of movement</td>
<td>.20</td>
<td>1.22</td>
</tr>
<tr>
<td>Turnover intentions</td>
<td>.48**</td>
<td>1.61**</td>
</tr>
<tr>
<td>Intercept</td>
<td>-1.94</td>
<td>.14</td>
</tr>
<tr>
<td>Step 2b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk perceptions</td>
<td>.64</td>
<td>1.90</td>
</tr>
<tr>
<td>Ease of movement</td>
<td>-.26</td>
<td>.77</td>
</tr>
<tr>
<td>Turnover intentions</td>
<td>2.33*</td>
<td>10.29*</td>
</tr>
<tr>
<td>Intercept</td>
<td>-6.16</td>
<td>.02</td>
</tr>
<tr>
<td>Risk perceptions × turnover intentions</td>
<td>-.42*</td>
<td>.66*</td>
</tr>
</tbody>
</table>

Note: β = log odds; Exp (β) = odds.

* χ²(3, N = 155) = 13.62, p < .05, Nagelkerke R² = .20.

** χ²(1, N = 155) = 4.75, p < .05.

Δ R² = .06.

* p < .05; ** p < .01.
order to show linear functions and interactions via non-parallel lines. This visual provides a clear illustration of the hypothesized relationships similar to ordinary regression lines, even though the fundamental logistic function is non-linear. As seen in the plot shown in Figure 1, those with low perceptions of risk were much more likely to follow through on intentions to quit than those with high perceptions of risk.

Hypothesis 2 proposes that risk propensity moderates the intentions–turnover relationship. The results from the test of this hypothesis can be found in Table 3. Risk propensity, ease of movement and turnover intentions are entered in step 1. The first step is significant, with only turnover intentions significantly related to turnover. For each one-unit increase in turnover intentions, the odds ratio goes up 1.59. The interaction term is entered in step 2. This step is significant, and the interaction term is also significant. For each one-unit increase in turnover intentions, the odds of quitting go up by a factor of 2.33. Because the log odds are greater than one, as risk propensity increases the effects of turnover intentions on turnover get stronger, consistent with Hypothesis 2.

Again we graph the relationship for turnover intentions and predicted log odds for turnover among those with high and low risk perceptions. This graph can be seen in Figure 2. The plot illustrates that the likelihood of an employee to follow through on turnover intentions is enhanced when the employee has high versus low propensity for risk.

![Figure 1](http://hum.sagepub.com)  
**Figure 1** Intentsions–turnover relationship at different levels of risk perceptions
Table 3  Study 1: Summary of hierarchal moderator logistic regression analysis predicting turnover using risk propensity

<table>
<thead>
<tr>
<th>Variable</th>
<th>β</th>
<th>Exp (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 1a</td>
<td></td>
</tr>
<tr>
<td>Risk propensity</td>
<td>.06</td>
<td>1.06</td>
</tr>
<tr>
<td>Ease of movement</td>
<td>.64</td>
<td>1.89</td>
</tr>
<tr>
<td>Turnover intentions</td>
<td>.46*</td>
<td>1.59*</td>
</tr>
<tr>
<td>Intercept</td>
<td>-5.08</td>
<td>.00</td>
</tr>
<tr>
<td></td>
<td>Step 2b</td>
<td></td>
</tr>
<tr>
<td>Risk propensity</td>
<td>-2.39</td>
<td>.09</td>
</tr>
<tr>
<td>Ease of movement</td>
<td>-.01</td>
<td>.99</td>
</tr>
<tr>
<td>Turnover intentions</td>
<td>-.77</td>
<td>.46</td>
</tr>
<tr>
<td>Intercept</td>
<td>.20</td>
<td>1.22</td>
</tr>
<tr>
<td>Risk propensity × turnover intentions</td>
<td>.85**</td>
<td>2.33**</td>
</tr>
</tbody>
</table>

Note: β = log odds; Exp (β) = odds.
* χ²(3, N = 155) = 10.11, p < .05, Nagelkerke R² = .15.
** χ²(1, N = 155) = 10.42, p < .05.
Δ R² = .15.
* p < .05; ** p < .01.

Figure 2  Intentions–turnover relationship at different levels of turnover risk propensity
Discussion

The purpose of this field study was to integrate theory on how individuals make decisions involving risk with extant turnover research to improve our understanding of the factors influencing turnover decisions among individuals considering quitting. Our analysis suggests that turnover risk propensity and risk perceptions influence the willingness of individuals to act on their desire to leave. As far as we know, this is the first study to assess these interactions. In exploring these relationships, we drew on a well-established area of decision-making research that recognizes that human decision-making is not always based on purely rational calculations, and integrated this body of literature with current turnover theory.

In this study, risk perceptions and risk propensity both significantly impacted on the transformation of turnover intentions into actual quitting. This research contributes to turnover theory by providing a greater explanation for the inconsistent linkage across studies between turnover intentions and turnover. 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 involved. This finding, along with the finding that individuals with a higher propensity for taking risks are more likely to act on turnover intentions may partially explain why so many individuals who express a desire to quit do not while others may be willing to quit without any effort to secure an alternative beforehand. Thus, the degree of risk involved in the decision and individual comfort with employment-related risk seems to partially account for the gap between intended and actual behavior.

The relationship between intentions and turnover behavior was found to be stronger for those with low perceptions of risk as well as for those with higher risk propensity. Although the theory of planned behavior (Ajzen, 1991) holds that individuals who develop the intention to quit will make a concerted effort to follow through on those intentions, our study illustrates that some are more inclined than others to act on their intentions. Circumstances appear to impact the degree to which one’s behavior matches one’s desire to leave as does proclivity for taking employment-related risks.

While this study does not seek to replace more comprehensive models of turnover, it does explain an important and overlooked part of the process for individuals who are already thinking of quitting. It also 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 situation 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.

**Study 2: Exploring the role of framing and social influences**

Study 1 established the moderating role of risk perceptions and turnover risk propensity on the intentions–turnover relationship in a field setting. While risk perceptions and turnover risk propensity influence the decision to follow through on intentions to quit, research on risky decision-making suggests that other factors may influence the role of risk in turnover decisions by affecting risk perceptions and turnover risk propensity. In Study 2, we use a more controlled setting to advance our understanding of how risk perceptions and turnover risk propensity and their proposed antecedents influence turnover decisions among those questioning whether or not to leave a job. This study applies a turnover scenario that asks participants to consider whether they would leave their current position for employment elsewhere. Under these conditions, we investigated the link between risk perceptions, risk propensity and turnover choice. Also we tested the role of social influences and decision framing on risk perceptions and risk propensity.

We used vignettes to induce participants to make a turnover decision. These vignettes create a hypothetical scenario in which the individual is asked to choose between a current job and an equally attractive opportunity. We also use the vignettes to manipulate social influences and problem framing, factors that may influence risky decisions but would be difficult to manipulate in the field. This approach allows us to examine the influence of risk-related variables on individuals making a turnover decision (i.e. those already having thoughts of quitting). The vignette is presented in the Appendix and discussed more fully in the method section that follows. Even though the vignette approach is hypothetical, vignettes are a commonly used method in behavioral research, and are especially appropriate when research is at a pre-paradigmatic stage (Murphy et al., 1986). Furthermore, Wiseman and Levin (1996) compared risky decision-making under conditions of real and hypothetical consequences and found no difference in choice behavior.

Do risk perceptions and turnover risk propensity influence turnover choice among those thinking of quitting? In Study 1 we found that the
intentions—turnover link was moderated by these constructs in a field setting. In Study 2, because we induce thoughts of quitting via the vignette, we seek to build on these findings by testing for main effects of turnover risk propensity and risk perceptions on turnover choice using a sample of participants who are considering whether or not to leave a hypothetical job. When faced with a turnover decision, those who perceive the choice to quit as riskier should in general be less likely to choose to quit than those who perceive quitting as less risky. Thus, risk perceptions should be negatively related to turnover choice. However, as noted earlier, some individuals may have developed a tendency to be more risk seeking when it comes to employment-related decision-making. Individuals with higher turnover risk propensity should be more willing to change jobs regardless of whatever risks may be present. Thus, turnover risk propensity should be positively related to turnover choice.

**Hypothesis 1a**: Turnover risk propensity will be positively associated with turnover choice.

**Hypothesis 1b**: Risk perceptions will be negatively associated with turnover choice.

Risky decisions and assessments of risk do not occur in a vacuum. For example, social influences through the opinions of salient others are an important aspect of the personal frames of reference of turnover decision-makers (Sitkin & Pablo, 1992). Referent others such as friends, family members and co-workers all provide advice and insight, which serve to influence individual attitudes toward risky decisions. Social influences can affect turnover decisions; for example, Krackhardt and Porter (1986) found that social networks influenced turnover in a kind of snowball effect wherein turnover among a structurally equivalent employee in the communication network could lead to turnover among other employees. In another study, Mossholder et al. (2005) used ego-centered network data to illustrate how friendship ties serve to suppress turnover. We argue that social influences may affect turnover decisions in part through affecting perceptions of how risky a decision is as well as the propensity to take risks in a particular context.

Consider risk propensity for example. Decisions take place not in a social vacuum, but instead in the context of interconnected social relationships (Gulati et al., 2002). Being enmeshed in a web of interconnected relationships likely impacts an individual’s tendency toward risk-taking under certain conditions. Imagine being surrounded by family, friends and
co-workers who routinely change jobs and who believe that the best way to get ahead is to make big moves. These social influences may affect the frame of reference with which one approaches a turnover decision, and lead the individual to be more likely to make a job change regardless of risks. Contrast this with someone whose key social referents rarely change jobs and believe that loyalty is the best way to get ahead. This individual is likely to have lower turnover risk propensity.

These same influences may also affect perceptions of how much risk accompanies a particular turnover decision. The individual whose family, friends, co-workers and mentors perceive job change as a positive and necessary activity and who model frequent mobility may look at a turnover decision and view the risks as minimal or easily overcome. Another individual whose referent others view job change as a risky endeavor to be avoided if possible may consider the exact same turnover decision and focus on the risks associated with that decision.

\textit{Hypothesis 2a}: Social influences in favor of the decision to leave are positively related to turnover risk propensity.

\textit{Hypothesis 2b}: Social influences in favor of the decision to leave are negatively related to risk perceptions.

Decision framing is another potential influence on risky decision-making. One of the more robust findings in the risky decision-making research is that problem framing in terms of gains or losses influences individual propensity to take risks (Kuhberger, 1998). Prospect theory (Kahneman & Tversky, 1979) suggests that decision-makers faced with an issue framed in terms of potential gains tend to exhibit risk averse behavior, while those faced with the same issue framed in terms of potential losses tend to exhibit risk seeking behavior (Bazerman, 1998; Kahneman & Tversky, 1979).

Prospect theory is applicable to choices involving a variety of attributes and when probabilities are not explicitly known (Kahneman & Tversky, 1979). Turnover decisions that are framed in the domain of gains should be related to risk aversion, and therefore lower turnover risk propensity. Turnover decisions that are framed in the domain of losses 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, each decision situation is different, and some factors are likely to be more salient than others. Under certain circumstances individuals may be more focused on decision factors in the domain of gains while in
other situations they may be more focused on decision factors in the domain of losses.

Sitkin and Pablo’s (1992) risky decision framework suggests problems that are framed positively in the domain of gains will instead be positively related to risk perceptions. This perspective focuses on how risky the decision is rather than the tendency of the individual to take risk. Specifically, Sitkin and Pablo’s model proposes a positive main effect from framing to risk perceptions with no proposed linkage from framing to risk propensity, while prospect theory proposes a negative framing/propensity link but no relationship between framing and perceptions. Therefore, it is important to determine which theoretical perspective provides a fuller explanation by testing whether framing influences risk propensity, risk perceptions, or both.

**Hypothesis 3a:** Framing in the domain of gains will be negatively associated with risk propensity.

**Hypothesis 3b:** Framing in the domain of gains will be positively associated with risk perceptions.

**Method**

**Overview**

An experimental design incorporating a turnover scenario was utilized to examine the effects of risk on turnover decisions. We used a sample of undergraduate business students, which may limit the generalizability somewhat. However, 92.1 percent of the sample had work experience, and 80.1 percent reported having faced at least one turnover decision in their work life. We excluded participants that reported no work experience. A recent meta-analysis on framing and decision-making found that results in student samples were not significantly different from those in non-student samples (Kuhberger, 1998).

**Participants**

Data were collected from undergraduates enrolled in management courses in the School of Business at a large university in the southeastern United States. Participation in the study was voluntary, and there were a total of 222 participants in the study. Participants received extra credit in coursework for their participation. Subjects were 53 percent female. The study was
comprised of 69.9 percent single participants and 27.3 percent married participants. The remaining participants reported being divorced, widowed or other. The mean age of participants was 26.1 years, and the mean work experience was 9.4 years. The mean number of previous turnover decisions was 2.8. The mean tenure on the current job was 4.32 years.

Procedures

We developed a turnover scenario, which is described in the following section. Next, we designed a questionnaire containing the turnover scenario and measures for all study variables. Participants were administered questionnaires containing the turnover scenario. The positive versus negative frame was manipulated by providing participants with information that described staying or leaving the current job in terms of gains or losses. Social influence was manipulated by providing participants information about the opinions of their significant others in regards to staying or leaving the current organization. Manipulation checks were conducted to determine whether the manipulations were successful. Participants were given both oral and written instructions. The oral instructions were given by one of the experimenters. Participants were informed that the purpose of the questionnaire was to better understand the risk involved in turnover decisions and were assured of their voluntary and confidential participation. Participants were also instructed to carefully read the written instructions and the turnover scenario.

Experimental stimulus–turnover scenario

Much of the research on prospect theory and decision-making under risk begins by creating scenarios with equal expected values. For example, one of Kahneman and Tversky’s (1979) examples had subjects choosing between a 50 percent chance to gain $1000 or a 100 percent 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 participants should be indifferent to choosing between options with equal expected values, these scenarios allow researchers to manipulate other conditions (such as positive or negative framing in this example) to investigate effects on decision-making.

Although most research on decision-making under uncertainty has used scenarios with known probabilities and monetary outcomes, 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 percent chance to win a three-week tour of England, France and Italy or a 100 percent chance to win a one-week tour of England. In our case, it seems infeasible to comprehensively and realistically provide probabilities and monetary values associated with all the factors involved in a turnover decision. Thus, we wanted to construct a scenario in which two alternatives, remaining on a current job versus quitting to accept an alternative job, were effectively equally attractive. If respondents do not systematically favor one alternative over the other, then we can manipulate our variables of interest (e.g. framing) to investigate their effects on turnover decision-making.

We began by reviewing the turnover literature for factors consistently related to turnover. This led us to include in the scenario information on job type, industry, geographic location, age, marital status, spouse’s career, children at home, education, income, organizational tenure, incentive programs, job satisfaction, work hours, benefits, retirement plans, relationships with co-workers, relationship with supervisor, performance feedback and organizational commitment. Although not exhaustive, these variables account for many of the consistent findings in the turnover literature. By addressing them in the turnover scenario, we are able to hold them constant while we focused on the risk-related variables.

Next, we attempted to define each of the two alternatives (stay versus leave) such that they would be equally attractive. For example, the new job alternative that is offered has a higher salary, slightly better benefits and the potential for quicker advancement; however, there are also costs associated with leaving such as transaction costs of changing jobs and losing relationships with co-workers and supervisors. We distributed the first draft of the scenario to several naïve experts (business doctoral students and faculty) and one turnover expert for review. After incorporating their input, we pilot tested the scenario in a sample of 79 participants. Participants were a mix of undergraduate and graduate students and employees from local organizations. All but two of the participants reported having at least one year of work experience, with an average of 14.96 years of work experience. The sample was 54.5 percent female, with an average age of 34.89. The full turnover scenario is presented in the Appendix.

With a decision of this nature, it is not feasible to calculate the exact expected value of each alternative. Thus, our goal was to create a scenario in which respondents would be indifferent to choosing between two alternatives based on the information given, which will then enable us to focus on
the effects of the risk-related variables we intend to manipulate. Each of the respondents was asked to choose between staying with their current employer and taking a newly offered job. The results of a chi-square analysis suggested no significant difference in this group in the likelihood of choice ($\chi^2 = 1.03, p = .31$). Further, age, sex, education and work experience were not significantly correlated with choice, and in an ANOVA with choice as the dependent variable, none of those variables was a significant predictor. Thus, the two choices appear to be equally attractive.

Manipulations

Framing

Because the way decisions are framed may impact an individual’s decisions, we manipulated framing by inserting a paragraph following the turnover scenario that focused on the gains (positive frame) or the losses (negative frame) associated with either turnover decision (stay versus go). The manipulations can also be found in the Appendix.

Social influence

Decisions may also be affected by the influence of significant others (i.e. parents, co-workers, friends, spouses). We manipulated social influence by adding another paragraph that informed the subject either that his or her significant others thought he or she should stay with the current organization or that he or she should take the new job.

Measures

Risk propensity

Risk propensity was measured on a seven-point Likert-type scale from 1 = ‘Strongly Disagree’ to 7 = ‘Strongly Agree’. The measure was from Gomez-Mejia and Balkin (1989). It consisted of two items ($\alpha = .62$). For example, the first item was ‘I am not willing to take risks when choosing a job or a company to work for’.

Risk perceptions

Risk perceptions were measured on a seven-point Likert-type scale from 1 = ‘Strongly Disagree’ to 7 = ‘Strongly Agree’ that was created by the authors
and described in Study 1. It consisted of six items ($\alpha = .87$). For example, item one was ‘There is a good bit of uncertainty about which of these choices will work out better’.

**Framing manipulation check**

The framing manipulation check was measured on a seven-point Likert-type scale from 1 = ‘Strongly Disagree’ to 7 = ‘Strongly Agree’. It consisted of five items ($\alpha = .87$). The first three items were created by the authors and items four and five were from Sitkin and Weingart (1995). For example, item one was ‘I was focused more on the possibilities for gain than the possibilities for loss’. An independent samples $t$-test on the positive versus negatively framed group revealed significant differences between the group that received framing in the domain of gains versus the group that received framing in the domain of losses ($t = 1.97; p < .05$). The group that received framing in the domain of gains had a higher mean, indicating the manipulation was both significant and in the correct direction.

**Social influence manipulation check**

The social influence manipulation check was measured on a seven-point Likert-type scale from 1 = ‘Definitely take the new job’ to 7 = ‘Definitely stay at the current job’. The items were drawn from Azjen and Fishbein’s work on the theory of planned action. It consisted of four items ($\alpha = .82$). For example, item one was ‘My parents’ would probably think I should 1 = ‘Definitely take the new job’ to 7 = ‘Definitely stay at the current job’. An independent samples $t$-test revealed a significant difference between the group influenced to stay and the group influenced to leave ($t = 8.3; p < .01$). The group influenced to stay had a higher mean than the group influenced to leave, indicating that the manipulation was both significant and in the proper direction.

**Choice**

Choice consisted of one item in response to the turnover scenario. The item asked ‘What are the chances you would leave ABC Company for the position at Applied Consumer Goods?’. The responses ranged from 1 = ‘20%’ to 5 = ‘100%’.

**Analysis**

The variables included in Hypothesis 1a and 1b are all continuous; therefore we used linear regression to test these hypotheses. Hypothesis 2a and 2b and
Hypothesis 3a and 3b consist of categorical independent variables with only two categories and continuous dependent variables; therefore we used independent sample $t$-tests to test these hypotheses. In an effort to combat possible ordering effects, the manipulations were randomly assigned to either the beginning or middle of the survey. Risk propensity was measured before the manipulation for 135 of the participants, and after the manipulation for 87 participants. Therefore, the hypotheses related to risk propensity were tested using only those participants who received the manipulation before responding to the risk propensity items. The hypotheses related to risk perceptions were tested using the entire sample as these items appeared after the manipulations in all surveys. This trade-off was necessary to ensure that ordering did not confound the results. Our analysis revealed that no ordering effects were present.

**Results**

Table 4 reports the means, standard deviations and correlations for the variables used in Study 2. Table 5 presents the results of regression analysis on the role of risk perceptions and risk propensity on turnover choice. Risk propensity was significantly related to choice, suggesting that individuals who are risk seeking in employment-related decisions are more likely to leave their current job. Thus, Hypothesis 1a was supported. Risk perceptions were significantly negatively related to choice, indicating that high risk perceptions reduce the likelihood of following through with the decision to quit. Hence, Hypothesis 1b was also supported.

Hypothesis 2a proposes a linkage between social influence and risk propensity. The results presented in Table 6 illustrate that there are significant differences in risk propensity for the group influenced to stay versus the
group influenced to leave ($t = -2.11; p = .04$). Hence, social influences to stay are negatively related to risk propensity, and Hypothesis 2a is supported. Hypothesis 2b suggested a relationship between social influences and risk perceptions. The independent samples $t$-test showed that significant differences exist between the group influenced to stay and the group influenced to leave ($t = 2.08; p < .05$; see Table 7 for full results). Therefore, Hypothesis 2b was supported, providing evidence that those who are influenced to stay perceive more risk.

Hypothesis 3a proposes that framing in the domain of gains will be negatively related to risk propensity, consistent with the predictions of prospect theory. The results of the independent samples $t$-test showed mean differences between the two groups ($t = -2.30; p < .05$), thus supporting Hypothesis 3a (see Table 6). Hypothesis 3b proposed that framing would influence risk perceptions such that framing in the domain of gains would be associated with higher risk perceptions. Results from the independent samples $t$-test were not significant and therefore the hypothesis was not supported. The full results are reported in Table 7.

### Table 5 Summary of regression analysis predicting choice using risk propensity and risk perceptions

<table>
<thead>
<tr>
<th>Variable</th>
<th>$\beta$</th>
<th>$T$</th>
<th>95% Upper</th>
<th>95% Lower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk propensity</td>
<td>.18***</td>
<td>2.89</td>
<td>.31</td>
<td>.06</td>
</tr>
<tr>
<td>Risk perceptions</td>
<td>-.32**</td>
<td>-4.19</td>
<td>-.17</td>
<td>-.46</td>
</tr>
<tr>
<td>Intercept</td>
<td>3.90</td>
<td>7.87</td>
<td>4.88</td>
<td>2.93</td>
</tr>
</tbody>
</table>

*Note: $\beta$ = Unstandardized coefficients.*

** $p < .01$. 

### Table 6 Results of independent samples $t$-tests for risk propensity (H2a & H3a)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Risk propensity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$M$</td>
</tr>
<tr>
<td>Social influence</td>
<td>-2.11</td>
</tr>
<tr>
<td>Stay</td>
<td>3.68</td>
</tr>
<tr>
<td>Leave</td>
<td>4.31</td>
</tr>
<tr>
<td>Framing</td>
<td></td>
</tr>
<tr>
<td>Gains</td>
<td>3.59</td>
</tr>
<tr>
<td>Losses</td>
<td>4.23</td>
</tr>
</tbody>
</table>
The results indicate that turnover is indeed a risky decision for the individual worker. The aim of Study 2 was to examine the impact of risk on the individual decision to quit a job by integrating aspects of Sitkin and Pablo’s (1992) risky decision-making framework and Kahneman and Tversky’s (1979) prospect theory into the context of individual employee turnover. The social influences of referent others significantly impacted risk perceptions, consistent with the prediction of Sitkin and Pablo’s framework. More interestingly, social influences also impacted risk propensity, suggesting that referent others may not only influence individual perceptions of circumstances, but also the inclination of an individual toward a risky employment-related decision. Thus, these findings support the notion that individuals often rely on input from referent others when assessing the risk involved with key decisions such as the decision to leave a job.

The impact of both risk propensity and risk perceptions provided support for some aspects of the Sitkin and Pablo (1992) framework. In their model, risk propensity and risk perceptions are proximal determinants of turnover, and linked to both framing and social influences as well as decision choice. Our analysis suggests that risk propensity and risk perceptions influence the decision to quit or stay, given that the individual is considering whether or not leave their current job for an alternative (Study 1 also illustrated the moderating effects of these constructs on the intentions–turnover relationship in a field setting).

Prospect theory holds that framing in the domain of gains will lead to more risk averse behavior by the decision-maker. Study 2 supported that contention as framing in the domain of gains was negatively related to risk propensity. Individuals who received the scenario that emphasized the

<table>
<thead>
<tr>
<th>Table 7</th>
<th>Results of independent samples t-tests for risk perceptions (H2b &amp; H3b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>Risk perceptions</td>
</tr>
<tr>
<td></td>
<td>M</td>
</tr>
<tr>
<td>Social influence</td>
<td>2.08</td>
</tr>
<tr>
<td>Stay</td>
<td>4.96</td>
</tr>
<tr>
<td>Leave</td>
<td>4.60</td>
</tr>
<tr>
<td>Framing</td>
<td>.02</td>
</tr>
<tr>
<td>Gains</td>
<td>4.82</td>
</tr>
<tr>
<td>Losses</td>
<td>4.82</td>
</tr>
</tbody>
</table>
domain of gains were more risk averse. However, the relationship between framing and risk perceptions was unsupported.

**General discussion**

Both Study 1 and Study 2 indicate that risk influences the decision to leave a job and ultimately that turnover is a risky decision. Study 1 illustrated the moderating role of risk propensity and risk perceptions on the intentions–turnover relationship, providing key insights into why most people who intend to leave do not, while some others leave even without a concrete alternative in hand. This is an important finding given that insights into the intentions–behavior disconnect are relatively scarce in the turnover literature. The results from Study 1 show that risk may in fact be a key factor that influences the strength of the relationship between turnover intentions and turnover behavior. This research also supports some but not all aspects of Sitkin and Pablo’s (1992) framework of risk in an organizational context. That proposed framework holds that risk propensity and risk perceptions are the most proximate determinants of risky decision-making. In our studies, these variables were shown to be important influences on whether an individual engages in turnover behavior when considering quitting. Study 2 provides empirical support for that aspect of the framework and Study 1 showed that these constructs serve to strengthen or weaken the likelihood to follow through when turnover intentions are present. Therefore, we can conclude that risk is a key component of the decision to leave a job.

Further, Study 2 extends prospect theory to a turnover context in that decisions framed in the domain of gains led individuals to be risk averse when considering the decision to leave their current job. However, the link between framing in the domain of gains and risk perceptions was not established, indicating that while framing contributes to an individual’s tendency to be risk seeking or risk averse, it may not shape individual perceptions of the risks involved with a specific decision. Our findings on the impact of framing provide empirical support for the predictions of prospect theory in a turnover context. Furthermore, our findings fail to support the predicted link between framing and risk perceptions put forth in Sitkin and Pablo’s (1992) risk framework. This result is particularly compelling because it provides insight into these competing theoretical positions on the impact of framing. Given our findings about social influences and framing from our scenario study, it is logical that future research should examine these phenomena in a field setting.

Further, the findings that social influences and framing were related to turnover risk propensity have implications beyond turnover. These results
suggest that individuals may be more risk seeking or risk averse depending upon outside influences and further buttress the notion that individual risk propensity varies across situations. As mentioned, the same individual who is risk seeking when driving a car may be risk averse when investing retirement funds or considering leaving a job. The findings from Study 2 that framing and social influence impact turnover risk propensity indicate that external factors may influence individual tendencies for risk-taking in certain situations. Future research might examine the role of social influences and framing on one’s propensity for risk across a variety of situations. Thus, future research could tell us whether these factors are stronger influences during employment-related decisions or in other decisions.

Risk considerations are likely to be important for understanding the impact of search processes on turnover. Steel (2002) suggests that search is a dynamic process that involves a confluence of traditional affective models of withdrawal. This model suggests that as search processes evolve over time, individuals receive greater feedback and gain more knowledge about their potential alternate employment opportunities, which influences their turnover responses. It seems likely that one mechanism by which 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 et al. (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 proposed to be more likely to lead to turnover than those that are less crystallized and instead more liquid. In this way, the degree of crystallization of an alternative influences risk perceptions for a particular situation. Highly crystallized situations should be related to outcome certainty, and therefore change the reference point of the individual considering the decision to quit. Similarly, the relationships between risk and turnover illustrated in this article 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.

We would be remiss not to address the limitations present in our studies. The first potential limitation is the use of hypothetical decisions in Study 2. Although past research illustrates how vignettes can be useful in uncovering organizational phenomena, in future research methods other than vignettes should be used to replicate our results. Still, the use of vignettes to study turnover decision-making is a novel contribution to the study of this topic. Additionally, future research on framing and social influence should be centered in field settings. Another limitation is that the risk perceptions scale used in both studies was created by the authors. However, the content validity of the scale was assessed by content experts and it was tested via a pilot study and displayed acceptable reliability in the pilot sample and in
both studies. Because risk perceptions were a focal construct in both studies, the use of the scale remains a limitation in this article. Future research should further validate this scale.

Another limitation was the reliability of the turnover risk propensity measure in Study 2 ($\alpha = .62$). While the Cronbach’s alpha for the scale did not reach the .7 level suggested by Nunnally (1978) for established measures, it did exceed Nunnally’s (1967) initial standard of .5. A further limitation was the use of a truncated version of the risk perceptions measure in Study 1. While this is a clear limitation, it was unavoidable due to constraints placed on the length of the survey instrument by the organization. Finally, while we believe that Study 1 provides an important and meaningful contribution to the turnover and risk literatures, we acknowledge that the study was narrow in scope. Future research should investigate these relationships in context of broader models of turnover and decision-making.

Leaving a job can be both an opportunity and a risk. The shifting burden of responsibility from organization to employee has made the decision to quit or stay more complex than ever. This article contributes to turnover theory by conceptualizing the turnover decision as a risky one and extending prospect theory’s predictions to a turnover context. Our analysis presents risk generally as an ever-present influence on the decision to quit or stay and specifically as a key factor in the predictive but inconsistent relationship between turnover intentions and turnover. In closing, this article provides insights into how risk influences the turnover decision, and lays a theoretical foundation for deeper examination of how risk shapes key employment decisions.

References


**Appendix**

**Scale items for turnover risk perceptions**

1. There is a good bit of uncertainty about which of these choices will work out better.
2. If I make the wrong decision, it would have big impact.*
3. This choice involves a lot of risk.
4. There are significant threats and opportunities associated with this decision.
5. This decision definitely has the potential for both gains and losses.*
6. This is a risky decision.*

* item used in Study 1 and Study 2.
All other items used only in Study 2.

**Turnover scenario**

You are the manager of 25 employees in the sales/customer service department of ABC Company, a large consumer-products organization located in the southeastern United States. You are 30 years of age, have been married for six years and have one child, Emily who is four years old. You hold a BBA degree and have intentions of going back to school to earn an MBA. Your spouse, Pat, has worked as an attorney for two years at a local law firm and earns $41,000. You have worked for ABC Company for seven years and earn an annual salary of $53,000. You also have the opportunity to earn a yearly lump-sum financial bonus of 0–10 percent of your annual salary based on your department’s performance. Last year you received a 6 percent bonus. You have been in this particular job for two years and are generally satisfied with the position, although you wish the company provided more professional development opportunities. Before the promotion to your current position, you worked as a salesperson for this company for three years. You typically work around 43 hours a week, with occasional 50 plus hour work weeks depending on deadlines. Since working for ABC Company, you have enjoyed very good benefits, including health, dental and eye-care insurance, as well as educational tuition reimbursement. In addition, you have accumulated $32,000 in a company retirement savings plan, a plan...
where the company matches the first 3 percent of your contributions. You are fully vested in the retirement plan. During your seven years at ABC Company, you have developed friendships with several co-workers who you occasionally socialize with outside of work. You like Bill Smith, your boss, and he has given you excellent performance ratings, but sometimes you wish he provided more frequent feedback about your job performance. At the end of your last performance review, Bill commented that you ‘were on the right track’ for a promotion to mid-level manager in a few years. You like your company and want it to do well; but, with the right opportunity, you would consider changing jobs.

Last Wednesday, Steve Jones, from Robert Half Professional Search Firm, contacted you about a job opening at Applied Consumer Goods, an ABC Company competitor. Applied Consumer Goods has a good reputation, and the job is very similar to your current position, namely, manager of the company’s sales/customer service department, which includes about 26 employees. The starting salary is $60,000, and the company is offering the same bonus plan as your current employer. The benefits plan is almost identical to the one you have now, with the exception of a slightly better dental plan. You have met some of the employees and managers of this department at local professional meetings, and suspect the director of this department, whom you talked with at the last meeting, gave Steve Jones your name as a potential candidate for this job. Steve Jones said that the ‘right person’ has the chance of making a name for him- or herself in this position and being promoted fairly rapidly to mid-level manager. However, he also mentioned that there was inside competition for the mid-level manager’s job. You told Steve that you had no complaints with your current position but would think about this opportunity, especially because Applied Consumer Goods is known for providing its employees with excellent professional development opportunities. Steve kindly asked that you let him know next Friday whether you were interested in the job.

**Problem framing**

**Negative frame:** You face an important decision, because it involves trade-offs. If you take the new job, you will have to deal with the costs and disruptions of changing, you will lose your relationships with your boss and co-workers, it is possible you will not like your new colleagues, you believe there is a 70 percent chance your bonus will be slightly lower than at your current job, and you believe there is a 40 percent chance you will not get promoted within two years anyway. If you do
not take the new job, you miss out on the $7000 raise, the potential for better professional development opportunities, and you believe there is a 60 percent chance you will not be promoted within two years. *Positive frame:* You face an important decision, because it involves tradeoffs. If you take the new job, you will get a $7000 raise, gain better professional development opportunities, and you believe there is a 60 percent chance you will be promoted in less than two years. If you do not take the new job, you will save the costs and disruptions of changing, be able to continue to grow your positive relationships with your boss and co-workers, you believe there is a 70 percent chance your bonus will be slightly higher at your current job, and you believe there is a 40 percent chance you will be promoted within two years anyway.

**Social influences**

*Stay:* People whose opinions are important to me (e.g. parents, spouse, co-workers, best friend) think that I should stay at my current job. My parents and my spouse have told me they think I’ll be better off in the long run if I stay. My co-workers said they would hate to see me go, and the new job just doesn’t sound worth it. My best friend says I should definitely stay put.

*Leave:* People whose opinions are important to me (e.g. parents, spouse, co-workers, best friend) think that I should take the new job. My parents and my spouse have told me they think I’ll be better off in the long run if I leave. My co-workers said even though they would hate to see me go, the new job sounds like too good of an opportunity to pass up. My best friend says I should definitely go for it.

*James Vardaman* is a doctoral student in Management in the Fogelman College of Business and Economics at the University of Memphis. His primary research interests include the disjuncture between policy formulation and implementation, organizational sensemaking, and the flow of people into and out of organizations. His research on these topics has been published in *Human Resource Management Review* and presented at the annual meetings of the Academy of Management and Southern Management Association.

[E-mail: jvardamn@memphis.edu]
David Allen (PhD, Georgia State University) is an Associate Professor of Management in the Fogelman College of Business and Economics, and First Tennessee Professor at the University of Memphis. His primary research interests include the flow of people into and out of organizations (e.g., retention/turnover, recruitment) and the role of technology in human resource management (e.g., Web-based recruitment, managing remote workers). His research on these topics has been published in *Academy of Management Journal, Human Relations, Journal of Applied Psychology, Journal of Management, Organizational Research Methods, Personnel Psychology* and other outlets, and he serves on the editorial review boards for *Journal of Management* and *Human Resource Management Review*. [E-mail: dallen@memphis.edu]

Robert Renn (PhD, Georgia State University) is an Associate Professor of Organizational Behavior at the University of Memphis. Dr. Renn is a member of the Academy of Management and Southern Management Association. Dr. Renn’s research has been published in the *Journal of Management, Human Relations, Educational and Psychological Measurement, Group and Organization Management, Journal of Business Research, Journal of Organizational and Occupational Psychology, Human Resource Management Journal, Human Resource Management Review, Advances in the Management of Organizational Quality, Research in Personnel and Human Resources Management* and others. His current research interests are self-defeating organizational behaviors, and improving work performance through self-regulation, goal setting, performance feedback, and work design. Before earning his doctorate, Dr. Renn worked in the field of architecture for six years. He also served in the US Marine Corps Airwing from 1974 to 1978. Dr. Renn has been with the University of Memphis since 1989. [E-mail: rrenn@memphis.edu]

Karen R. Moffitt (PhD, University of Memphis) is an Assistant Professor in the Department of Management, Marketing, and Political Science at the University of Tennessee at Martin. Her primary research interests include traumatic caregiver stress, family–work conflict and turnover and retention. Her research has been published in *Journal of Applied Psychology* and *Human Resource Management Review*. [Email: kmoffitt@memphis.edu]