PERFORMANCE AS A MODERATOR OF THE JOB SATISFACTION-TURNOVER RELATIONSHIP

M. W. T. MONDAY, D. G. SPENCER, R. M. STEERS

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Performance as a Moderator of the
Job Satisfaction - Turnover Relationship

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**Abstract**

This study examines the effects of job satisfaction and rated job performance on voluntary turnover among a sample of 295 hospital employees. Measures of job satisfaction were obtained from the sample, independent performance ratings by their superiors were obtained from company records, and voluntary turnover data were collected one year after questionnaire administration. Using subgroup analysis and moderated regression, it was found that employee performance ratings significantly moderated the job satisfaction-turnover relationship. Results suggest that satisfaction and performance are significant predictors of turnover.
20. Abstract (continued)

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Abstract

This study examines the effects of job satisfaction and rated job performance on voluntary turnover among a sample of 295 hospital employees. Measures of job satisfaction were obtained from the sample, independent performance ratings by their superiors were obtained from company records, and voluntary turnover data were collected one year after questionnaire administration. Using subgroup analysis and moderated regression, it was found that employee performance ratings significantly moderated the job satisfaction - turnover relationship. Results suggest that satisfaction level represents a greater influence on staying for low performers than for high performers. Implications for theory and research on employee turnover and implications for management are discussed.
Performance as a Moderator of the Job Satisfaction—Turnover Relationship

In the study of employee turnover, researchers have typically focused on identifying major influences on staying or leaving and on modeling predictors in such a way that a coherent pattern of relationships emerge concerning the withdrawal process (Mobley, Griffeth, Hand, & Meglino, 1979; Porter & Steers, 1973; Muchinsky & Tuttle, 1979). In doing so, a major aspect of turnover that has been largely ignored concerns the potential influence of employee performance level on the decision to stay or leave.

The need for research on the role of employee performance in turnover has been manifest for some time (Porter and Steers, 1973; Muchinsky and Tuttle, 1979; Tosi and Sims, 1977). To date, however, little has been done (Marsh and Mannari, 1977; Wanous, Stumpf, and Bedrosian, 1978). One attempt to examine the role of performance in the withdrawal process from a conceptual point of view has recently been presented by Steers and Mowday (1981). Briefly, it is argued in this model that performance level may interact with job attitudes (and other variables) to determine behavioral intention to leave and actual turnover.

More specifically, it seems logical to assume that the decision to leave in many cases is caused by multiple factors (Porter & Steers, 1973). When an individual performs poorly on the job, we would expect that the organization — and, indeed, perhaps the employee's co-workers as well — would make few attempts to retain the individual. The organization and co-workers may even attempt to remove the employee through subtle pressure or through overt actions. In any case, the employee may
have little reason to remain unless he or she truly enjoyed his or her task activities (i.e., job satisfaction). In such circumstances, we would expect a modest inverse relationship between satisfaction level and turnover.

For superior performers, on the other hand, it is likely that organizations (and perhaps co-workers) would go to great lengths to maintain their participation. This could be done through pay raises, praise, greater promotional possibilities, status, and so forth. Hence, for the superior performer, his or her actual level of satisfaction with the job (while important) may be less of a force in staying than the extent to which the individual feels appreciated and properly recognized. In essence, the superior performer would generally experience more reasons to remain, and job satisfaction would represent only one of many such reasons. Thus, it was hypothesized in the present study that there would be significant inverse relationship between job attitudes and turnover for those individuals rated low in performance but not necessarily for those rated high in performance.

METHOD

Sample and Research Site

This study was carried out among a sample of 295 employees of a mid-western hospital. Subjects held a wide variety of technical and non-technical positions in the clerical, service, nursing, and administrative areas. Average age of subjects was approximately 35 and average tenure approximately 8 years. Educational backgrounds ranged from high school degrees to masters degrees.
Research Instruments

Job satisfaction. Satisfaction with job was measured using the scale developed by Hackman and Lawler (1971). This scale, which was designed to measure general job satisfaction, had a coefficient alpha of .71 for the present sample.

Job performance ratings. Job performance data were obtained from hospital performance appraisal records. A standardized performance appraisal form was used for all job categories. Immediate supervisors rated their employees on eleven dimensions of performance: attitude, attendance, appearance, conduct, ability, initiative, work with group, promotability, quantity of work, quality of work, and employee-patient relationship. Ratings ranged from "unsatisfactory" through "excellent" on a five point Likert scale. Where dimensions of performance were not applicable to a job classification that dimension was not rated. All employees were: 1) required to review the performance appraisal with their supervisor; 2) given the opportunity to make written comments on the appraisal form; and 3) required to place their signature on the form at the conclusion of the review. A composite measure of employee job performance, which was calculated by summing the eleven dimensions, had a coefficient alpha of .82 for the present sample.

Turnover. Data on voluntary employee turnover were collected for a period of one year after study data were collected (18% of the sample voluntarily left the organization during this period).

Demographics. Measures of demographic variables included tenure with organization, tenure in job, age, education, and sex.
Data Collection

Questionnaires were administered on-site during regular working hours. Subjects were informed that participation was voluntary and were assured of confidentiality of responses. Of the initial random sample, 382 questionnaires were gathered (87% of the sample). Performance data were available for 295 employees or 78% of the data set (22% of the employees that participated in the study had not yet received performance appraisal due to their status as recent hires).

RESULTS

Correlations between major study variables are shown in Table 1. These findings indicate that the magnitude of the relationships between the three major study variables is sufficiently low to suggest an acceptable level of independence for purposes of analysis. Moreover, the demographic variables also were found to be only weakly related to the major study variables.

Initial analysis of the major study variables (shown in Table 2) indicate that, before considering the effects of performance, leavers tend to be somewhat less satisfied with their jobs than stayers. This finding supports earlier research on the (moderate) effects of job satisfaction on turnover (Porter & Steers, 1973).

Insert Table 1 & 2 about here

In addition, results concerning the potential moderating effects of performance ratings, shown in Table 2, show no significant difference between high performing stayers and high performing leavers with respect
to job satisfaction levels. However, low performing leavers were significantly less satisfied than were low performing stayers. These results suggest the existence of an interaction effect between performance and job satisfaction with respect to turnover, as suggested above. When performance is taken into consideration, the difference in job satisfaction between stayers and leavers is attenuated for high performers and augmented for low performers. These results hold up when performance is treated as a continuous moderator variable. Moderated regression analysis presented in Table 3 indicate that the addition of the interaction term in the presence of both satisfaction and performance variables significantly increases the explained variance in turnover. Regression lines plotting scores one standard deviation above and below the mean of each independent variable are presented in Figure 1 to assist in the interpretation of the results. For low performers, turnover decreases as satisfaction increases. For high performers, turnover remains relatively unchanged as satisfaction increases.

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Insert Table 3 & Figure 1 about here

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DISCUSSION

The results discussed above have implications for theory and research in the field of employee turnover. Currently most theoretical models of turnover do not consider employee performance. Evidence is provided here that rated employee performance level may influence the
relationship between affective reaction to job and turnover. That is, while job satisfaction may represent an important influence on staying or leaving for poor performers (perhaps because they have little reason to stay otherwise), its effect on staying or leaving for superior performers seems diminished. This latter finding is apparently the result of the existence of several other forces or reasons for staying (e.g., recognition, praise, etc.). Hence, some support was found for that part of the model presented by Steers and Mowday (1981) dealing with job performance and turnover.

The results of this study have implications for research on turnover in that they point to the importance of investigating two forms of turnover -- turnover of effective employees and turnover of ineffective employees. Differential predictions of each form of turnover should help us better understand which factors influence each form of withdrawal. This study indicates, for example, that satisfaction with the job may have a greater influence on the retention of poorly rated performers than highly rated performers.

In addition, the findings presented here caution against undue reliance on job satisfaction measures as an indicator of organization health unless data are reported separately for high and low performers. As the results in Table 2 indicate, the mean levels of job satisfaction for these two groups are significantly different. Such a finding may be expected given the fact that high performing employees typically garner more extrinsic and intrinsic rewards. Not taking into account performance differences, therefore, might serve to overestimate current attachments of ineffective employees and underestimate current attachments of high performers.
Although significant relationships emerged from the analysis, the strength of these relationships are not overly strong. However, this finding is not at all inconsistent with previous research and suggests that other factors also influence the turnover process (see, for example, Mobley et al., 1979). Moreover, it must be emphasized that this study utilized performance ratings as an indicator of actual performance.

It is felt based on these study results that rated job performance has, in fact, been shown to be an important factor in the turnover process for at least one sample. Hopefully, a sufficient case has been made here to stimulate additional research in this area.
1. The research reported here was supported by funds provided under ONR Contract N00014-76-C-0164, NR 170-812. The comments of Paul R. Sackett on an earlier draft are greatly appreciated. Requests for reprints should be sent to Daniel G. Spencer, School of Business, University of Kansas, Lawrence, Kansas 66045.
References


Table 1

Means, Standard Deviations, and Correlation Matrix of Study 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>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Job Satisfaction</td>
<td>5.61</td>
<td>1.34</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Performance</td>
<td>3.73</td>
<td>0.53</td>
<td>.17</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Tenure in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>organization</td>
<td>7.60</td>
<td>6.45</td>
<td>.11</td>
<td>.08</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Tenure in job</td>
<td>4.06</td>
<td>3.90</td>
<td>.18</td>
<td>.13</td>
<td>.57</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Age</td>
<td>35.80</td>
<td>9.24</td>
<td>.21</td>
<td>.06</td>
<td>.54</td>
<td>.48</td>
<td>1.00</td>
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<td></td>
<td></td>
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<tr>
<td>6. Education</td>
<td>12.95</td>
<td>1.78</td>
<td>-.10</td>
<td>.24</td>
<td>-.27</td>
<td>-.25</td>
<td>-.40</td>
<td>1.00</td>
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<td></td>
</tr>
<tr>
<td>7. Sex</td>
<td>0.85</td>
<td>0.36</td>
<td>-.03</td>
<td>-.03</td>
<td>.13</td>
<td>.10</td>
<td>.03</td>
<td>-.16</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>8. Turnover</td>
<td>0.18</td>
<td>0.74</td>
<td>-.13</td>
<td>-.07</td>
<td>-.14</td>
<td>-.14</td>
<td>-.12</td>
<td>.16</td>
<td>-.06</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Note. N = 295; r ≥ .10 is significant at the .05 level; r ≥ .14 is significant at the .01 level. Sex is coded Male = 0, Female = 1.
Table 2

Sample, Subgroup N's, and Job Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sample</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stayers</td>
<td>242</td>
<td>5.69</td>
</tr>
<tr>
<td>Leavers</td>
<td>53</td>
<td>5.24&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>High Performers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stayers</td>
<td>126</td>
<td>5.72</td>
</tr>
<tr>
<td>Leavers</td>
<td>24</td>
<td>6.04</td>
</tr>
<tr>
<td><strong>Low Performers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stayers</td>
<td>116</td>
<td>5.66&lt;sup&gt;b,c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Leavers</td>
<td>29</td>
<td>4.57</td>
</tr>
</tbody>
</table>

<sup>a</sup>Difference between stayers and leavers for the total sample (N=295) is significant ($t = 2.20; p < .05$).

<sup>b</sup>Difference between high and low performers for leaving group (N=53) is significant ($t = 3.82; p < .05$).

<sup>c</sup>Difference between stayers and leavers for low performing group (N=145) is significant ($t = 3.87; p < .05$).
Table 3

Results of Moderated Regression for Job Satisfaction, Turnover, and Performance

<table>
<thead>
<tr>
<th>Zero-order correlation with Job Satisfaction</th>
<th>Rs Adding Performance</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R_1$</td>
<td>$R_m$</td>
<td>$F(R_m - R_1)$</td>
</tr>
<tr>
<td>Turnover</td>
<td>-.13</td>
<td>.14</td>
<td>.22</td>
</tr>
</tbody>
</table>

Note. $N = 295$; $R_1$ = linear multiple correlation; $R_m$ = moderated multiple correlation.

* $p < .05$
** $p < .01$
Figure 1. Interaction effects of satisfaction and performance on turnover.
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