The Impact of Employee Engagement Factors and Job Satisfaction On Turnover Intent

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The current literature review examined a proposed relationship between the antecedent -- employee engagement factors—and the outcome variable turnover intent mediated by job satisfaction. Kahn’s Personal Engagement Theory, Equity Theory, and Herzberg’s Two-Factor Theory of Job Satisfaction were used as the theoretical underpinnings for the review. Implications for human resource development were discussed.

Keywords: Employee Engagement, Job Satisfaction, Turnover Intent

“The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives” (Lockwood, 2007, p.1)

While healthy turnover in an organization can be positive, refreshing, and helpful in introducing new ideas and techniques that can move the organization to greater levels of success, turnover among highly-productive, key employees is costly (Hellman, 1997). According to a number of researchers, typical turnover costs include exit costs (e.g., administrative time and pay for leave not taken), temporary replacement costs (e.g., agency fees and training); recruitment and selection costs (e.g., advertising costs, agency fees, lost time); decreased morale and productivity among retained workers; loss of future key talent (i.e., intellectual capital including knowledge, skills, and experience); and sharing of organizational processes, technology, and relationships (e.g., Fitz-enz, 2001; International Survey Research). Since, the long-term retention of a highly productive workforce is coveted, and a goal of human resources is to attract and maintain highly productive employees, it is imperative for human resources to better understand how to maximize the retention of productive employees.

Despite the fact that retention of highly-productive, key employees is certainly an important task for human resources, so is the creation and development of a workplace that not only encourages retention, but also high levels of productivity among all employees. Many researchers (Buckingham & Coffman, 1999; Seijts & Crim, 2006; Harter, Schmidt, & Hayes, 2002) have used the term engagement to refer to employees who are involved in, enthusiastic about, and satisfied with his or her work. The Towers Perrin Talent Report (2003) found that approximately 81% of employees surveyed were engaged, but as many as 19% of employees surveyed were disengaged. Disengaged employees are more likely to perform poorly, actively look for another job, and say bad things about management or the organization for which they work (Gubman, 2004). Such counterproductive work behavior also has a documented relationship with a lack of organizational citizenship (Dalal, 2005). Sanford (2003) reported that disengaged employees cost their businesses financially via decreased profits, decreased sales, lower customer satisfaction, and lower productivity; furthermore, Sanford reported that Gallup estimated that actively disengaged employees may cost the American economy up to $350 billion per year in lost productivity. HRD can encourage employee engagement in the workplace by emphasizing high impact learning, performance and change. Encouraging employee engagement through these avenues has enormous return on investment (ROI) potential for organizations.

Problem Statement

The concept of employee engagement has appeared fairly recently in the literature. Because of its relative infancy, there is a lack of information about the relationship between known employee engagement factors (Buckingham et al., 1999), job satisfaction, and turnover intent. Not only is there a lack of information, there are discrepancies between studies that cloud our understanding of the relationships of the aforementioned variables. Because of this lack of information, there exist missed opportunities for growth, development, and change that could essentially affect the performance of an organization.
Nominal Definitions

The following key terms are important to this paper and are defined below.

**Employee Engagement**

Employee engagement is the act of an employee being involved in, enthusiastic about, and satisfied with his or her work (Seijts et al., 2006; Harter et al., 2002; http://www.cuttingedgepr.com/articles/empcomm_employee_engagement.asp; Gubman, 2004).

**Employee Engagement Factors**

Employee engagement factors include the characteristics of a workplace that “attract and retain the most productive employees” (Buckingham et al., 1999, p. 30).

**Job Satisfaction**

Job Satisfaction refers to the contentment an individual has with her or her job.

**Employee Retention**

Employee retention (versus employee turnover) refers to the continued employment of employees. Optimally, high-quality, productive employees are retained.

**Employee Turnover**

Employee turnover (versus employee retention) refers to the process of an employee leaving a position and a new employee hired to take his or her place. Employee turnover can be voluntary and involuntary as well as internal and external. Of particular concern to the current study is employee turnover that is both voluntary and external in nature.

**Turnover Intent**

Turnover intent refers to the voluntary intention of an employee to leave an organization.

**Purpose of the Study**

The purpose of the study was to examine the hypothesized relationship between the selected work-related predictor variable (employee engagement factors) on the outcome variable (turnover intent) through the mediator variable, job satisfaction (see hypothesized model in Figure 1). When the influences of employee engagement factors on turnover intent through job satisfaction are ascertained, improvements can be made in the work environment that lead to increased organizational performance. This article explores the employee engagement-job satisfaction-turnover intent relationship. An overview of the literature is provided from selected HRD-related journals. This article will be presented as follows: a) theoretical framework, b) literature review, and c) research questions and suggested instrumentation, d) contributions to new knowledge in HRD, and e) conclusion.

![Figure 1. Proposed Model Detailing the Relationships between Employee Engagement Factors, Job Satisfaction, and Intent to Leave.](image)

**Theoretical Framework**

For HRD professionals, there are a multitude of psychological, economic, and systems theories that may serve as underpinnings for the current literature review. However, for the current study only three—Personal Engagement Theory (Kahn, 1990), Herzberg’s Two Factor Theory of Job Satisfaction (2003), and Equity Theory (Cook & Parcel, 1975)—were particularly useful in explaining the relationships of interest.

Kahn’s personal engagement theoretical framework was helpful in better understanding the concept of employee engagement. According to Kahn’s (1990) personal engagement theoretical framework, people express themselves physically, cognitively, and emotionally in the roles they occupy; people are more excited and content with their roles when they draw on themselves to perform their roles; and people vary in their levels of attachment to
their roles. Furthermore, Kahn suggested that people vary their levels of personal engagement according to the meaningfulness of a situation (or perceived benefits), the perceived safety of a situation, and their availability based on resources they perceive they have. Conversely, an individual can become disengaged and defend the self (or protect himself or herself) by withdrawing and hiding his or her true identity, ideas, and feelings.

Herzberg’s Two Factor Theory of Job Satisfaction is useful in explaining relationships involving job satisfaction in the current literature review. Herzberg’s Two Factor Theory states that the level of satisfaction a person has with a job is driven by two factors—motivators (which encourage performance and provide satisfaction, such as achievement and recognition) and hygiene (which do not satisfy the employee but the absence of which leads to dissatisfaction, such as policy, supervision, and salary) (2003). Herzberg suggested that job satisfaction and job dissatisfaction are not opposites: the opposite of job satisfaction is no job satisfaction, and the opposite of job dissatisfaction is no job dissatisfaction.

Equity theory was particularly useful in understanding the process individuals pass through when contemplating turnover. According to the exchange model of equity theory, when two people create an exchange, the individuals may consider the exchange equitable if inputs are perceived equitable to outcomes; however, inequity is achieved when inputs are perceived inequitable to outcomes for either party (Adams, 1963; Cook & Parcel, 1975). Adams (in Pritchard, 1969) reported that a person can reduce inequity between his and another’s inputs and outcomes by cognitively reducing inputs and outcomes, persuading the other person to change his inputs or outcomes, change his own inputs or outcomes, change his comparison person, or leave.

Review of the Literature
Employee Engagement

The concept of employee engagement is not entirely new as many researchers (and organizations) have been studying it for some time using different terminology and slightly different definitions (Lockwood, 2007). For example, employee engagement has been defined as the extent of one’s commitment (Lockwood, 2007), a work-related state of mind involving vigor, dedication, and absorption (Schaufeli & Bakker, 2004), job characteristics that include performing well and saying good things about your employers (Gubman, 2004), and “the ultimate prize for employers” (Towers Perrin, 2003, p. 2). Conversely, disengaged employees are burned out, according to Schaufeli et al. (2004). This burnout is due, in part, to high job demands and limited resources leading to energy depletion and decreased motivation (Bakker, Demerouti, Taris, Schaufeli, & Schreurs, 2003).

Many researchers have reported that employee engagement is a multidimensional concept (Jones & Harter, 2005) with cognitive (or rational), emotional (or affective), and behavioral components (Konrad, 2006). The Towers Perrin Talent Report confirmed a definition of employee engagement that includes both emotional and rational variables. According to the report, “[t]he emotional factors tie to people’s personal satisfaction and sense of inspiration and affirmation they get from their work and from being part of their organization” (p. 4). Aleweld and von Bismarck (2002/2003) reported that Hewitt Associates considers engaged employees to have three characteristic behaviors: (1) employees “say” positive things about their organization to other employees and customers; (2) employees have a desire to “stay” in the company; and (3) employees “serve” the company by exerting additional, discretionary effort (p. 66).

According to surveys, not all employees are engaged. In the 2003 Towers Perrin Talent Report, employee engagement was assessed across 40,000 employees (just under 36,000 in the U.S. and approximately 4,400 in Canada). The report found 17% of employees were highly engaged, 64% of employees were moderately engaged, and 19% were disengaged. Of these employees, the highest percentage of employee engagement was found upon senior executives; the lowest percentage of employee engagement was found among nonmanagement hourly employees. Conversely, the highest percentage of disengaged employees were found among nonmanagement hourly and the lowest percentage of disengaged employees were found among senior executives. Considering industry type, employee engagement was highest among employees in the nonprofit sector. Also, Sanford (2003) reported that Gallup Poll’s research on employee engagement suggested engaged employees comprise 29% of the U.S. workforce while 55% are not engaged and 16% are disengaged.

What creates employee engagement? Seigts et al. (2006) summarized the literature on employee engagement stating that engagement factors deal with connection, career advancement, clarity in communication, conveyance of expectations, congratulations or recognition, contributions, control over own job, collaboration between employees, credibility in leaders, and confidence in the company. These ten employee engagement factors are elements within the workplace that “attract, focus, and keep the most talented employees” (Buckingham et al., 1999, p. 28). According to Lockwood (2007), it should be the mission of HR to create a work environment that encourages engagement as well as attracts potential employees.
**Turnover Intent**

Turnover among businesses is widespread (Bernthal & Wellins, 2000): nearly 1/3 of workers expect to leave their job within the next year and 20% of them estimate the likelihood of them leaving was greater than 50%. Turnover is likely to increase, according to Bernthal et al. (2000). This is problematic due to the fact that turnover is costly for an organization. Unfortunately, the problem of turnover is not always addressed effectively even though human resource professionals consider it problematic. Bernthal et al. (2000) reported that greater than 1/3 of human resource professionals they surveyed saw retention as a pressing issue. However, almost half of organizations interviewed had no formal strategy for addressing the problem of retention. International Survey Research (n.d.) suggested that most organizations rely on the reactive strategy of gaining data from exit interviews to make organizational changes to promote retention. This is problematic. According to ISR, not only is this reactive, but the data captured at an employee’s exit does not accurately represent the state of mind the employee was in when he or she contemplated leaving the organization. ISR suggested that to be truly proactive, companies need to understand the key factors that influence turnover. Bernthal et al. (2000) suggested that the most effective interventions are those that include the understanding of why employees leave.

Turnover intent, the outcome variable, refers to the voluntary (vs. involuntary as in termination) intention of an employee to leave an organization. While employees may intend to leave voluntarily due to the relocation of a spouse, redefined personal role (e.g., primary care giver for an aging parent or staying home with a child or new infant), or retirement, of particular concern to the employer (and human resources) is when highly-productive, key employees intend to leave based on reasons within the control of the employer: insufficient pay, insufficient income, poor working conditions, difficulties with supervisors, and problematic working environment. The examination of an employee’s turnover intent allows the opportunity for human resources to take a proactive approach to increasing retention in an organization as opposed to gleaning the same information from an exit interview associated with a voluntary turnover. Research using turnover intent (vs. turnover) as the dependent variable is common (Lum, Kervin, Clark, Rid, Sirola, 1998). According to Steel and Ovalle (1984), turnover intent is more predictive of turnover than job satisfaction or organizational commitment.

**Employee Engagement with Turnover Intent**

Several studies in the literature have noted a relationship between employee engagement and turnover intent. First, in a study of 22 companies across 5 business sectors, International Survey Research (n.d.) determined that there were several key drivers for turnover intent (an antecedent of actual turnover) including (the lack of): recognition and rewards, individual development, career advancement, empowerment, management leadership, respect for employees, retaining talented employees, supervisory issues, culture fit, and job security. These key drivers mirror several of the employee engagement factors as specified by Buckingham et al. (1999) (i.e., recognition, development, opportunity, encouragement, care, best friend, progress). Second, the 2003 Towers Perrin Report addressed employee engagement and turnover and found that 66% of highly engaged employees reported that they have no plans to leave compared to 36% of moderately engaged individuals and 12% of disengaged employees. Furthermore, 2% of highly engaged employees reported they are actively looking for another job compared to 8% of moderately engaged and 23% of disengaged employees. Gubman (2004) also reported that disengaged employee are more likely to actively look for another job.

**Job Satisfaction**

The mediating variable specified for this literature review is job satisfaction. Job satisfaction may be defined as the contentment an individual has with her or her job. Most researchers would tend to agree that employers benefit when employees have high levels of job satisfaction as job satisfaction among employees has been tied to increased productivity, creativity, and commitment to the employer (Syptak, Marsland, and Ulmer, 1999). Piper (2006) reported that a benefit of the employee satisfaction survey is the implied message that the employees in an organization are valued and appreciated. Because of its relevance to working conditions as well as its relationship to employee productivity, job satisfaction is frequently researched and, therefore, one of the “best-researched concepts in work and organizational psychology” (Dormann & Zapf, 2001, p. 483).

One important issue concerning job satisfaction that is addressed in the literature is how to best measure the variable of job satisfaction: as a global variable or a multifaceted variable. Measuring job satisfaction globally (i.e., “How satisfied are you with your job in general?” [Brief, 1998, p. 15]) has its advantages: the measurement is rapid and efficient, has good test-retest reliability (Kristensen and Westergaard-Nielsen, 2007) and gives an overall representation of the employee’s level of contentment. However, the global measure tends to gloss over critical aspects related to the job that would have been measured if a multifaceted measure of job satisfaction had been used. Multifaceted measures of job satisfaction such as the Job Descriptive Index (JDI) used by Glick (1992) measures facet-specific job satisfaction across the facets of coworkers, pay, opportunities for promotion, supervision, and work (Brief, 1998). The Minnesota Satisfaction Questionnaire consists of 100 items assessing 20 aspects of the work
environment including advancement, authority, compensation, coworkers, recognition, and working conditions (Brief, 1998). While multifaceted measures of job satisfaction are designed to measure the facets of job satisfaction, these multifaceted measures are not without criticism. Scarpello and Campbell (1983) asked the question, “Are all the parts there?” referring to the inability of multifaceted measures of job satisfaction to incorporate all of the elements that go into the employee’s overall judgment about job satisfaction. These concerns were echoed by Highhouse and Becker (1993).

Several studies in the research literature have documented a complex relationship between job satisfaction and turnover intent. Shulz, Bigoness, and Gagnon (1987) examined turnover intent among retail pharmacists and found that job dissatisfaction was directly related to turnover intent. In a 1991 study, Weisberg and Kirschenbaum determined that high and moderate levels of job satisfaction are similar in their impact upon turnover intent; however, a lack of job satisfaction “drastically raises a moving intent” (p. 368). Weisberg et al. suggested that it just may not be necessary for employees to obtain high levels of job satisfaction to reduce their intentions to leave an organization. Using meta-analytic procedures, Hellman (1997) found that the job satisfaction-turnover intent relationship was “significantly different from zero and consistently negative” (p. 1997). Using a longitudinal analysis of the turnover processes, Youngblood, Mobley, and Meglino (1983) determined that changes in satisfaction over time are related to turnover. In a study of pediatric nurses, Lum, et al. (1998) reported finding an indirect relationship between job satisfaction and intention to quit (turnover intent). Bernthal et al. (2000) found that employees who are either neutral or dissatisfied (36% of employees) with their jobs are greater than two times as likely to leave.

Boswell, Boudreau, and Tichy (2005) determined that low satisfaction usually precedes a voluntary change of employment followed by an increase in satisfaction (honeymoon effect) and then a decrease in job satisfaction (hangover effect). More recently, Carmeli and Weisberg (2006) explored the job satisfaction-turnover intent relationship among three separate professional groups of employees and found an indirect relationship.

Employee Engagement Factors, Job Satisfaction, and Turnover Intent

Currently, there are few, if any, studies that directly assess the relationship between employee engagement factors, job satisfaction, and turnover intent. However, there are several studies within the past 20 years that suggest the direction of the relationship. First, Lachman and Diamant (1987) stated that “[m]ost models describing the psychological process that leads to resignation or the intention to resign assume a sequence from the work environment, through employees’ affective reactions to it, to the decision to remain or leave the organization” (p. 219). In 2001, Lambert, Hogan, and Barton assessed the relationship between the work environment, job satisfaction, and turnover intent. For the study, the work environment was comprised of role conflict, task variety, financial rewards, relationships with co-workers, and autonomy/participation. Lambert et al. reported in their findings that job satisfaction served as a key, mediating variable between work environment and turnover intent. In an international study, Huang and Van de Vliert (2003) reported that intrinsic job characteristics were linked more strongly with job satisfaction in richer countries with better governmental social welfare programs and that were more individualistic. Finally, Karsh, Booske, and Sainfort (2005) found that job and organizational factors predicted both commitment and satisfaction both of which predicted turnover intentions among nursing home employees.

Research Questions and Suggested Instrumentation

The literature review presented in this article examined the hypothesized relationship between the predictor variable (employee engagement factors) on the outcome variable (turnover intent) through the mediator variable (job satisfaction). See model in Figure 1. There are a multitude of research questions that can be derived from the literature review above. In alignment with the purposes for this paper, these research questions are enumerated below along with instrumentation useful in helping to assess these research questions.

1. Can turnover intent be predicted using employee engagement factors and job satisfaction? Additionally, does job satisfaction mediate the relationship between the antecedent, employee engagement factors, and the outcome variable, turnover intent?
2. Which of the factors that influence employee engagement have the greatest impact on job satisfaction? Turnover intent?
3. Using longitudinal data measuring employee engagement factors, what trends are observable?
5. If training can be useful to encourage employee engagement factors in the workplace, what is the best way to train? Who should be trained? When should training occur during a worker’s employment?
6. Can information gleaned from better understanding the employee engagement-job satisfaction—turnover intent relationship be helpful in the selection process to ensure a better fit between the organization and new hire?

7. How do cohorts (i.e., mature workers, midcareer workers, and young workers) differ on the basis of employee engagement factors, job satisfaction, and turnover intent?

8. Are there significant differences between other groups (e.g., gender, ethnic, or other workgroups) with regards to how to address the employee engagement and retention issues?

9. What specific roles, if any, do supervisors and upper-level management play in the equation involving engagement and retention?

10. What kinds of techniques need to be used (or developed) to communicate peer support of engagement and retention-related concerns?

11. What kinds of value systems occur in the organization that impact engagement and retention? How do they impact engagement and retention?

12. What rewards systems are in place to enhance engagement and retention?

13. How does engagement impact an employee’s learning readiness, transfer of learning, leadership development, performance, and change?

Also consistent with the third purpose for the study is proposed instrumentation for addressing the before-mentioned research question. There are three primary variables discussed above, and suggestions for instrumentation address the measurement of employee engagement factors, job satisfaction, and turnover intent. First, employee engagement factors, those factors that encourage employee engagement in the workplace, may be assessed using the Gallup Workplace Audit (GWA) as published in Buckingham et al. (1999) featuring 12 core statements that measure the core elements needed to “attract, focus, and keep the most talented employees” (Buckingham et al., 1999, p. 28). These 12 statements utilized a 5-point Likert-type scale. For the 12 items, validity estimates range from .057 to .191 (Buckingham et al., 1999). Second, job satisfaction (as discussed earlier) may be measured either globally (e.g., “How satisfied are you with your job?”) or in a multi-facet manner as with the Job Descriptive Index (JDI) used by Glick (1992). The global measurement offers the advantages of being both simple and efficient. Multi-facet measurements (e.g., JDI) are more time-consuming for survey takers but offer more meaningful data. Third, turnover intent may be measured through brief survey questions such as “Have you considered looking for a new job?” or “I have given serious consideration to leaving my job.” Each of the three primary variables may be assessed easily quite easily using quantitative means via survey methodology.

How this Research Contributes to New Knowledge in HRD

With Baby Boomers approaching their 70’s and considering retirement (if they haven’t done so already), the American workforce is going to change. With the exodus of the Baby Boomers in the workforce, there is likely to be a shortage of workers for the number of job that are currently available. If turnover is costly for businesses (and it is), it will be even more so when the exodus occurs. Human Resources will likely be scrambling to fill essential positions vacated. With more positions open, many workers may consider or attempt to change jobs if they haven’t done so already. Highly productive, key workers are essential to the workplace. Understanding more clearly the turnover intent process and how job satisfaction and employee engagement feed into an employee’s decision to leave can be a critical first-step for HRD in retaining and engaging these key workers. Understanding the employee engagement-job satisfaction-turnover intent relationship not only fills a gap in the research, but also, the knowledge can be helpful to HRD in developing programs that focus on engaging the employee more fully to increase satisfaction and, more importantly, increase the retention of highly productive workers. There is an enormous return on investment (ROI) potential for organizations when employees are more fully engaged and the retention of highly productive employees is increased. However, for HRD to fully address these issues, the questions listed above should be addressed.

Conclusion

The current literature review examined a proposed relationship between the antecedent, employee engagement factors, and the outcome variable, turnover intent, mediated by job satisfaction. The study of the relationship helps to fill a gap in the literature as employee engagement is a fairly new term and has not been linked to both job satisfaction and turnover intent as described. Kahn’s Personal Engagement Theory, Equity Theory, and Herzberg’s Two-Factor Theory of Job Satisfaction were used as the theoretical underpinnings for the review. The importance of the topic to Human Resource Development was emphasized. Suggestions to HRD practitioners for future study were
also offered. In sum, there is much yet to discover with regards to the relationship between employee engagement factors, job satisfaction, and turnover intent. However, with a better conceptual model from which to work, perhaps we can begin asking the right questions to find some answers that will in turn increase employee engagement and job satisfaction and decrease turnover intent making the work environment a more enjoyable place to work.

References


