DEVELOPMENT AND VALIDATION OF A STANDARDIZED MEASURE OF EMPLOYEE TURNOVER RISK

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ABSTRACT: This article describes the development, reliability, and initial validation of the Tenure Scale. The scale was designed as an attitudinal predictor of turnover risk to be used for pre-employment selection. Two validation studies are reported. In study one, significant results were obtained between Tenure Scale scores and self report measures of: a) past and present job tenure; b) intentions to quit; c) job search behaviors; and d) intentions to remain committed to one's job. In study two, significant relationships were established between Tenure Scale scores and on-the-job measures of turnover risk, including work performance, absenteeism rates, and length of employment. No adverse impact was found against any protected group in study two. The relationship of these results with job turnover theory is discussed, and future validation research is suggested.

A major personnel problem which has plagued many business organizations for years is high rates of employee turnover. Turnover leads to morale problems, it disrupts team functioning, and it results in high retraining costs. In 1980 the average monthly turnover rate for all companies was approximately two percent (Bureau of National Affairs, 1980). This would be an annual rate of approximately 24%. In an average company, turnover among newly recruited college graduates can be as high as 50% during the first five years of employment (Fortune, 1981). This is supported by more recent statistics that indicate the average tenure in current occupations for all ages and all occupations is 6.6 years (Monthly Labor Review, 1988). However, in high turnover segments of the labor market (e.g., young entry level sales and service workers, 16-24 year olds) the average tenure is only 1.7 years. The an-
Annual turnover rate among part-time clerks and cashiers in the convenience store industry can be as high as 134% (NACS, 1988).

COST OF TURNOVER

High rates of dysfunctional employee turnover can represent substantial and unacceptably high costs of doing business. Frequent consequences cited involve such things as administrative costs associated with recruitment, selection, training, and development (Cascio, 1982; Mowday, Porter, & Steers, 1982). Cascio (1982) cites replacement costs for various insurance company personnel ranging from approximately $13,000 for a claims investigator to approximately $400,000 for an experienced sales manager. Some figures noted by Rosse (1987) indicate that replacement costs alone, as a percentage of annual salary, can range from 17% for hourly workers, through 25% for salaried employees, to 50%—88% for department managers.

What may exacerbate the turnover problem in the foreseeable future is the rapidly increasing shortage of qualified entry level workers (U.S. Department of Labor, 1988). This may be especially true in the retail and service sectors of the economy where the increased demand for goods and services, caused by the aging population, could create nine million new jobs in the next ten years (U.S. Department of Labor, 1988). New strategies for controlling turnover need to be explored.

THEORIES OF TURNOVER

Most research on the psychology of turnover has aimed at understanding the turnover decision process of job incumbents (e.g., Berte, Moretti, Jusko, & Leonard, 1981; Cotton & Tuttle, 1986; Mobley, 1977; Steers & Mowday, 1981). While studying the attributes, beliefs and intentions of job incumbents is important, recommendations stemming from this research (e.g., increased compensation in salary and non-wage benefits, reduced workloads, schedule changes) can often be costly or difficult to implement in organizations.

Recently, personnel selection researchers (e.g., McEvoy & Cascio, 1985) have encouraged an examination of strategies that focus on job applicants rather than incumbents. They reason that pre-employment approaches to reducing turnover can often be easier to implement and less costly. One possible strategy, pre-employment selection using psychological testing, has been a cost effective procedure in reducing other forms of employee “counterproductivity” for a number of years (cf., Jones & Terris, 1989; Jones & Wuebker, 1988; Joy, 1988, 1989; Werner...