



CORRELATION BETWEEN ACTUAL AND
PERCEIVED JOB ALTERNATIVES AND THE
EFFECT ON JOB TURNOVER

THESIS

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The views expressed in this thesis are those of the authors and do not reflect the official policy or position of the Department of Defense or the U.S. Government.

AN INVESTIGATION OF THE ROLE THAT UNEMPLOYMENT STATISTICS AND
PERCEIVED ALTERNATIVES HAVE ON AIR FORCE
ENLISTED MEMBER'S TURNOVER DECISIONS

THESIS

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Preface

In the wake of massive personnel restructuring of not only the Armed Forces, but also the civilian sector, voluntary employee turnover is of major concern. Voluntary turnover is an expensive management problem incurring costs for initial and follow-on training, decreased productivity during turnover periods, costs associated with hiring/firing, and personnel costs, to name a few. This is the impetus behind the research effort - a study of those factors which cause employee turnover. More specifically, this thesis will focus on a previous study conducted by Barry Gerhart 1990, and attempt to validate his proposed model using a sample of 329 Air Force enlisted members. Gerhart proposed that unemployment rates would influence an individual's perceived ease of movement and hence his/her turnover decision.

We would like to give thanks to all those who assisted us in completing this research effort: Our thesis advisors, Dr. Steel and Dr. Gill for guiding the direction of this thesis, a special thanks to Capt Paul McAree (AFMPC/DPMYA) for all his support in completing our database requirements, and to Sharon Neel, who suffered the most and had to live with Rob when everything was not going as it should.

Rob Bubello
Ken Sersun

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Abstract

Retention has become a major issue facing all organizations, including the United States Air Force. Much effort has been expended in trying to understand the reasons why employees voluntarily quit their jobs. In 1990 Barry Gerhart, of Cornell University, proposed a turnover model which included tenure, unemployment rates, and cognitive ability as factors which influence the turnover decision. The purpose of this thesis was to validate Gerhart's model using turnover data from a sample set of 329 enlisted Air Force members up for reenlistment in 1984. This effort focused on four hypothesis:

1. Unemployment rates and cognitive ability will significantly affect an individual's perceived alternatives.
2. Perceived Alternatives will be correlated with a member's intention to stay, which will then be correlated with his/her turnover decision.
3. The unemployment rate will be correlated with turnover decisions.
4. Tenure will be correlated with both intention to stay and voluntary turnover.

The results showed support for cognitive ability as a predictor of perceived alternatives and for Hypothesis 2.

Neither unemployment rates nor tenure were found to be predictors of the dependant variables. Recommendations for future research and a discussion of the limitations of this effort are also included.

AN INVESTIGATION OF THE ROLE THAT UNEMPLOYMENT STATISTICS
AND PERCEIVED ALTERNATIVES HAVE ON AIR FORCE
ENLISTED MEMBER'S TURNOVER DECISIONS

I. Introduction

Employee turnover is an expensive management problem. There are many areas where financial losses are sustained when an employee opts to turnover: cost of initial and follow-on training, decreased productivity during turnover periods, costs associated with hiring/firing, and personnel costs, to name a few. Turnover affects all organizations, both military and civilian. As a result, many studies have been conducted to better understand the turnover process. There are two basic types of turnover - voluntary and involuntary. Involuntary turnover results when an employee is forced to leave his job against his desires. The most common reasons for involuntary turnover are layoffs, poor job performance, company drawdowns, and early retirement programs (Price, 1977). Voluntary turnover, which is the emphasis of this research effort, involves a cognitive process on the part of the individual. Some common causes of voluntary turnover include job dissatisfaction, alternative job opportunities, change in career goals, or

personal reasons. The focus of this research will be on the voluntary turnover decision of enlisted military members. The reasons for studying voluntary turnover are: most turnover is voluntary, theory formation is easier with homogenous groups, and voluntary turnover is more subject to control (Price, 1977).

Background

In light of today's changing budget environment, a members's decision to turnover is of great concern to the Air Force. In February 1993, President Clinton ordered an additional \$10 billion dollars be cut from the Department of Defense budget. The Air Force's share amounted to \$2.8 billion. One of the areas that will be targeted for the cut is military personnel. In the realm of reduced budgets, Air Force personnel managers are faced with the issue of maintaining mission readiness while staying within budget limitations.

As the costs associated with losing an individual are so high, it would behoove the organization to better understand the factors involved in the individual's decision to stay or leave. With a better understanding of these factors, the organization could possibly better select individuals who are more inclined to remain in the organization until retirement and thereby reduce the costs associated with turnover.

Previous research has shown that many variables impact the turnover decision. Researchers have found correlations between age, tenure, job satisfaction, perceived alternatives and turnover (Mobley, Griffeth, Hand, and Meglino, 1979). To further enhance our understanding of the turnover process, we will center this research effort on the effect of perceived alternatives and role of local unemployment statistics on the turnover decision making process. Perceived alternatives can be defined as an individual's estimate of comparable, desirable and available employment opportunities. Theoretically, the availability of jobs in the civilian job market could influence an individual's turnover decision. As the unemployment rate drops, and the job market becomes more readily accessible, perceived ability to gain alternate employment (perceived alternatives) increases (Martin, 1979). It has been hypothesized that as the availability of alternative jobs increases, so does actual turnover. So as an individual's perceived alternatives increase, his propensity to turnover will also increase. It has also been hypothesized that local unemployment rates influence an individual's turnover decision (Gerhart, 1990). The correlation between these variables will be analyzed against a turnover decision criterion and with each other to determine the true effects of these variables on the turnover decision. Gerhart was the first to develop and test a model which included both

unemployment rates and perceived alternatives (Figure 1). This research effort will test Gerhart's model using perceived alternatives, local unemployment rates, and actual turnover data.

Problem Statement

A knowledge of the factors which affect an enlisted member's decision to stay in or leave the Air Force would help personnel planners in force management and recruiters in selecting career personnel. Through this research effort, we will attempt to evaluate whether a correlation exists between actual labor market statistics and an individual's turnover decision. This will be accomplished by first establishing a relationship between local unemployment rates and a perceived alternatives variable. We will then attempt to determine the degree of influence perceived alternatives have on an individual's intent to remain at his present position. Finally, we will look for a correlation between a person's intent to remain and his/her turnover decision.

Through a better understanding of the influence of perceived alternative variables, we anticipate an increase in the ability to predict actual turnover behavior. The unemployment figures, along with other data collected, will be incorporated into Gerhart's model in an attempt to test its ability to not only predict intent to remain, but also

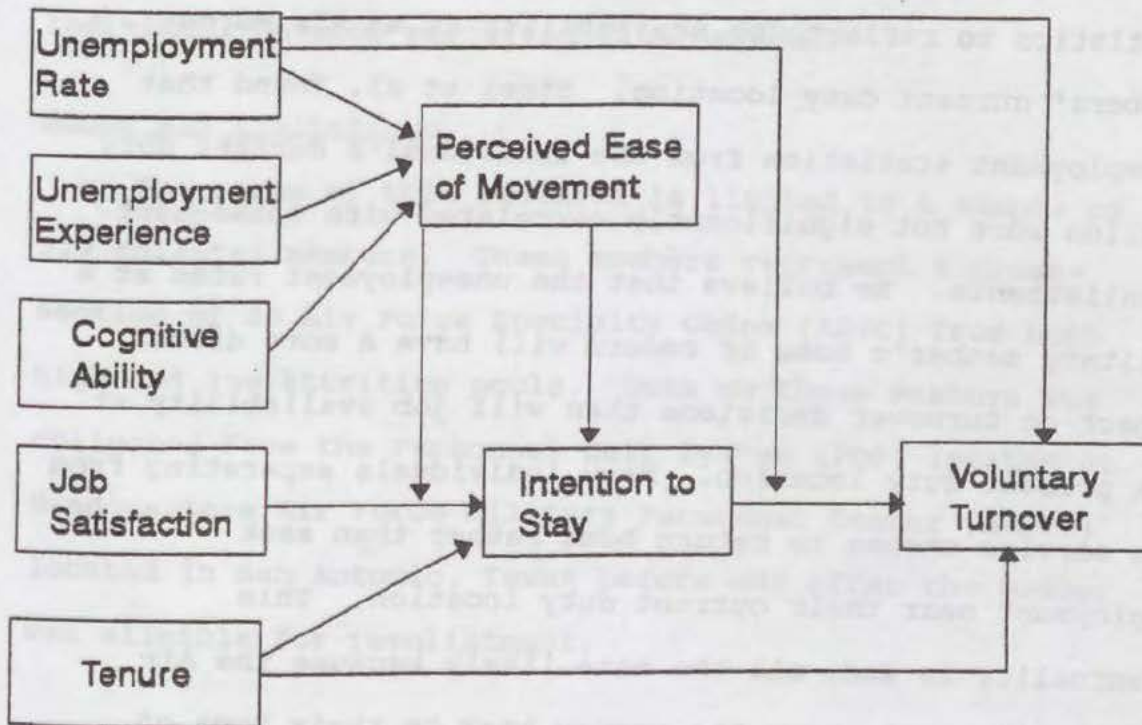


Figure 1 - Gerhart's Turnover Model

Source: Gerhart, Barry. "Voluntary Turnover and Alternative Job Opportunities," Journal of Applied Psychology, 75: 475 (1990)

actual turnover. This study is a longitudinal study involving the prediction of turnover criteria.

Investigative Questions

A study of the relationship between labor market statistics and perceived alternatives was performed by Steel, Flores, and Hoene (1989). They gathered labor market statistics to reflect job availability at an Air Force members' current duty location. Steel et al. found that unemployment statistics from the individual's current duty station were not significantly correlated with subsequent reenlistments. We believe that the unemployment rates at a military member's home of record will have a more direct impact on turnover decisions than will job availability at the present duty location. Many individuals separating from the service choose to return home rather than seek employment near their current duty location. This eventuality is made all the more likely because the Air Force will pay to move the person back to their home of record upon separation. Using Gerhart's model, we will attempt to test the following hypotheses:

- 1) Unemployment rates and cognitive ability will significantly affect an individual's perceived alternatives.
- 2) Perceived alternatives will be correlated with a member's intention to stay, which will then be correlated with his/her turnover decision.

3) The unemployment rate will be correlated with turnover decisions.

4) Tenure will be correlated with both intention to stay and voluntary turnover.

To solve this specific problem, we will investigate the following questions: 1) What effect do perceived alternatives have on a turnover decision? 2) How does an individual develop perceived alternatives?

Scope and Limitations

The scope of this research is limited to a sample of 329 enlisted members. These members represent a cross-section of 20 Air Force Specialty Codes (AFSC) from both high and low attrition pools. Data on these members was collected from the Personnel Data System (PDS) located at Headquarters Air Force Military Personnel Center (AFMPC) located in San Antonio, Texas before and after the member was eligible for reenlistment.

II. Literature Review

Job turnover is a costly issue affecting both civilian and military organizations. The intent of this literature review is to establish a foundation of previous studies in this area and provide a framework for future research. This will be accomplished by first defining job turnover and explaining the importance of turnover research. We will then discuss theoretical turnover models and the problems encountered in their use. Finally, we will conclude by discussing a possible method to improve the accuracy of turnover prediction.

Turnover Definition

Turnover occurs when an employee of an organization permanently leaves his organization for any reason. Turnover may be voluntary, as in the case of an employee leaving to assume a position in another organization, or involuntary, such as in the case of firings and layoffs. Most turnover research has focused on voluntary rather than involuntary turnover. There are three reasons for this: the majority of turnover is voluntary, theory formulation is easier with homogeneous groups, and voluntary turnover is more subject to control (Price, 1977). Turnover decision models attempt to describe the process by which one contemplates and arrives at the decision to leave his present position. Personnel in the Air Force typically

undergo the turnover decision process many times in their careers.

Employee turnover has become a very important issue and has been studied heavily because of the organizational implications of a high turnover rate. A high turnover rate results in excessive costs to the organization due to the high costs associated with hiring and training employees. In order to minimize these costs, an organization must understand the factors which motivate an employee to opt to leave his current position. As a result, many studies have been conducted to determine the factors which lead to this decision and how these factors weigh in the decision making process. Many studies have identified job attitudes (such as job satisfaction and job commitment) and demographic variables (such as marital status, age, and tenure) as important predictors of job turnover (Arnold and Feldman, 1982). More recently, however, theorists have begun to look at the role played by perceived alternatives in shaping turnover decisions. Perceived alternatives seek to measure the availability of positions in different organizations which represent alternatives to the present job. We will now highlight some of the more prominent turnover models and the roles played by perceived alternatives in each of them.

Perceived Alternatives Defined

One very important factor in comparing the theoretical model with the empirical data concerns the definition of

perceived alternatives. Perceived alternatives can be defined in many different ways, as shown in Table I (Griffeth and Hom, 1988). Alternatives can be measured in a quantitative sense, where the stress is on the number of job options available to the individuals (Steel and Griffeth, 1989). Alternatives can also be measured with the focus on the quality of the alternatives, which is concerned with the individual finding a job as good as or better than the present one (Steel and Griffeth, 1989). Ambiguity in this area, either on the part of the researchers or the respondents, can detract from the utility of the study. Such imprecise specification of perceived alternatives may explain their poor contribution to the prediction of turnover (Hom, Griffeth and Sellaro, 1984). For this thesis the perceived alternatives are those measured in a quantitative sense.

Turnover Models

March and Simon (1958) state that "under most conditions, the most accurate single predictor of labor turnover is the state of the economy". They articulated a two-stage model of the turnover process. Stage 1 of the model (Figure 2) shows that job satisfaction results from conformity between personal self-image, predictability of job relationships and job compatibility. An individual's level of job satisfaction then combines with his perceived possibility of interorganizational transfer (predicated on

the size of the organization; the type of industry; the desirability of work; the social class of the worker (Figure 1). March and Simon introduce the notion of "bounded rationality," the existence of alternative decisions and of movement. These alternatives are based on several important factors. March and Simon also concentrated on the number of alternatives.

Table I

Varying Conceptual Definitions of Perceived Alternatives Jobs

Turnover Theories	
Billings & Wemmerus (1983) Mobley (1977); Mobley et al (1978) Farrell & Rusbult (1981)	Probability of finding acceptable alternatives Quality of alternatives to present job
March & Simon (1958)	Number of extraorganizational alternatives perceived
Mobley et al (1979) Mobley (1982)	Expected utility of alternate work roles
Price (1977); Price & Mueller (1981, 1986)	Availability of alternative jobs in the environment
Steers & Mowday (1981)	Availability of alternative job opportunities

Source: Griffeth, Rodger W. and Peter W. Hom. "A Comparison of Different Conceptualizations of Perceived Alternatives in Turnover Research," Journal of Applied Psychology, 9: 103-111 (1988).

perceived alternatives. Perceived alternatives can be defined in very different ways, as shown in Table 1 (Mizruchi and Cole, 1991). Alternatives can be measured in a quantitative sense, where the focus is on the number of job options available to the individual (Cole and Mizruchi, 1991). Alternatives can also be measured in terms of the quality of the alternatives, where the focus is on the quality of the alternatives (Mizruchi and Cole, 1991).

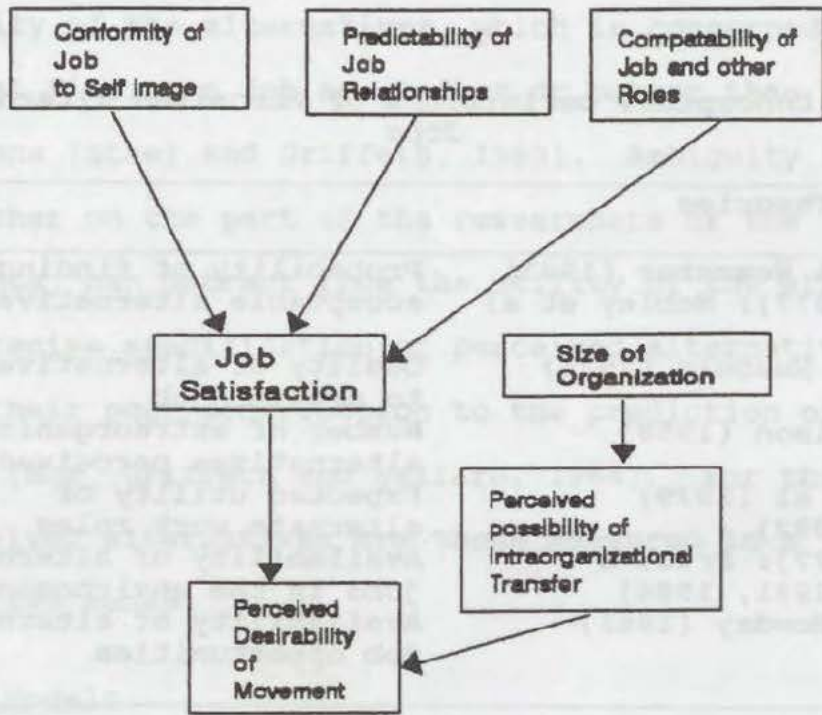


Figure 2 - March and Simon Desirability of Movement
 Source: March, J.G. and H.A. Simon. Organizations. New York; Wiley, 1958.

the size of the organization) to form the perceived desirability of movement. In the second stage of the model (Figure 3) March and Simon introduce the essence of their hypothesis, the existence of alternatives determines ease of movement. These alternatives are based on economic labor market factors. March and Simon also concentrated on the number of existing alternatives rather than the quality of alternatives (March and Simon, 1958).

In 1977, Price presented a turnover model with a sociological orientation. Price's model (Figure 4) shows that pay, communication, integration, and centralization are the determinants of job satisfaction, which, when combined with opportunity (i.e., perceived alternatives) form the basis for the turnover decision (Price, 1977). According to the model, high levels of pay, integration, and communication, and low levels of centralization lead to high job satisfaction. These factors decrease the inclination toward turnover. Opportunity deals with the availability of alternative jobs in the labor market. The model predicts that high opportunity, combined with a low level of satisfaction, will result in turnover. In 1977, William H. Mobley of the University of South Carolina introduced a withdrawal process model that included the notion of the search for and the evaluation of alternatives (Mobley, 1977). Since that time, Mobley's views have dominated theory testing and inspired prominent theorists to adopt his

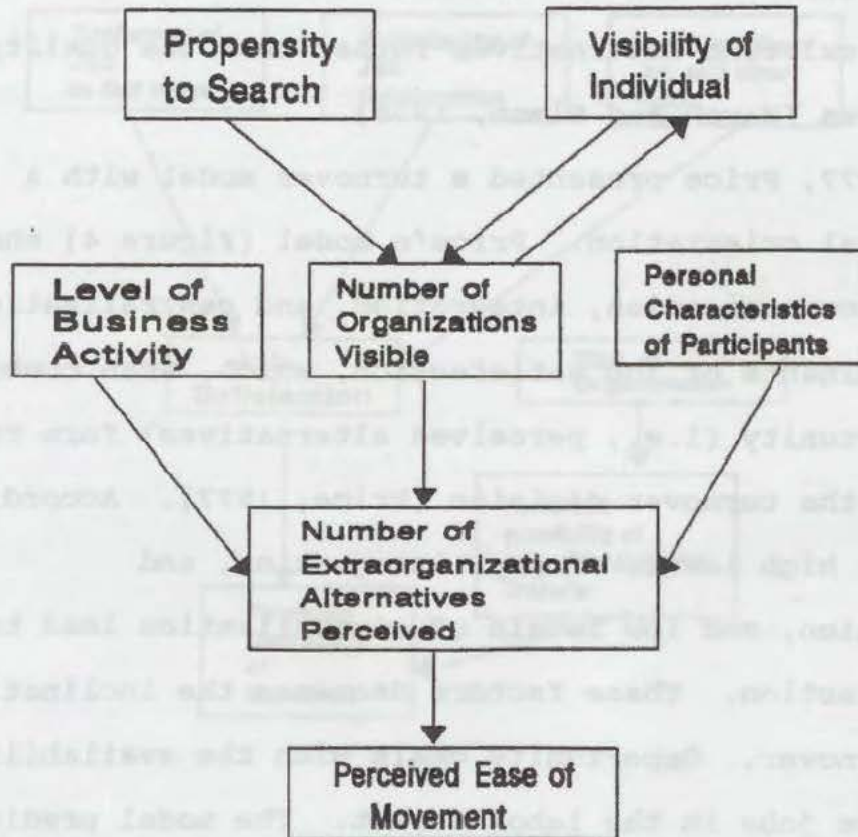


Figure 3 - March and Simon Ease of Movement

Source: March, J.G. and H.A. Simon. Organizations. New York; Wiley, 1958.

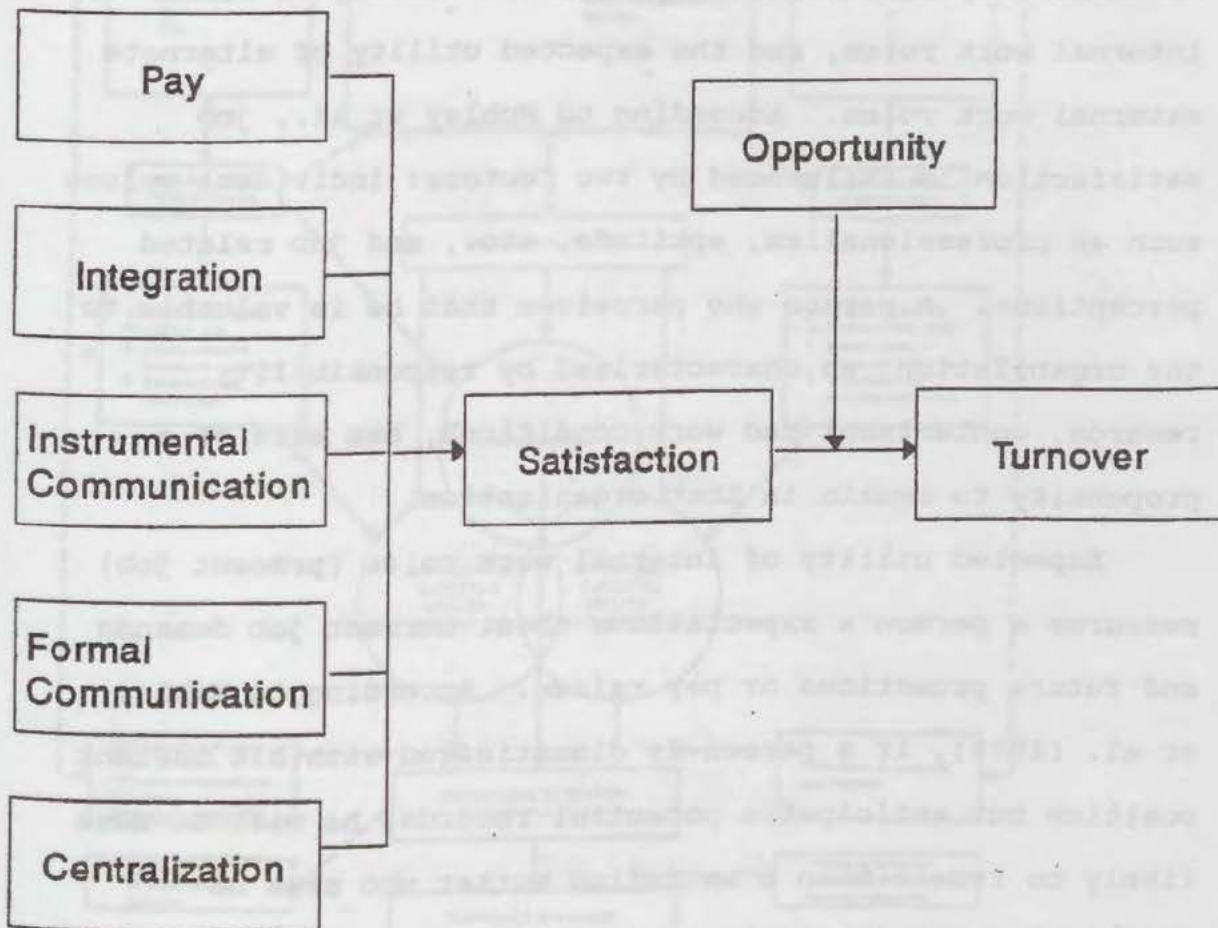


Figure 4 - Price Turnover Determinants Model

Source: Price, James L. The Study of Turnover. Ames, IA: The Iowa State University Press, 1977.

concepts in whole or in part (Hom and Griffeth, 1991). In 1979 Mobley, Griffeth, Hand and Meglino presented an expanded model of the turnover process (Figure 5). This model bases the individual's decision on four main determinants: nonwork values and roles, job satisfaction/dissatisfaction, expected utility of alternate internal work roles, and the expected utility of alternate external work roles. According to Mobley et al., job satisfaction is influenced by two factors: individual values such as professionalism, aptitude, etc., and job related perceptions. A person who perceives that he is valuable to the organization, as characterized by responsibility, rewards, contentment and work conditions, has more of a propensity to remain in that organization.

Expected utility of internal work roles (present job) measures a person's expectations about current job demands and future promotions or pay raises. According to Mobley et al. (1979), if a person is dissatisfied with his current position but anticipates potential rewards, he will be more likely to remain than a satisfied worker who sees no opportunity for internal advancement.

Measuring the expected utility of external alternatives is a more complex matter. This construct combines individual values, expectations, and labor market perceptions. Mobley contends that a dissatisfied employee, who sees no advancement or reward in his current

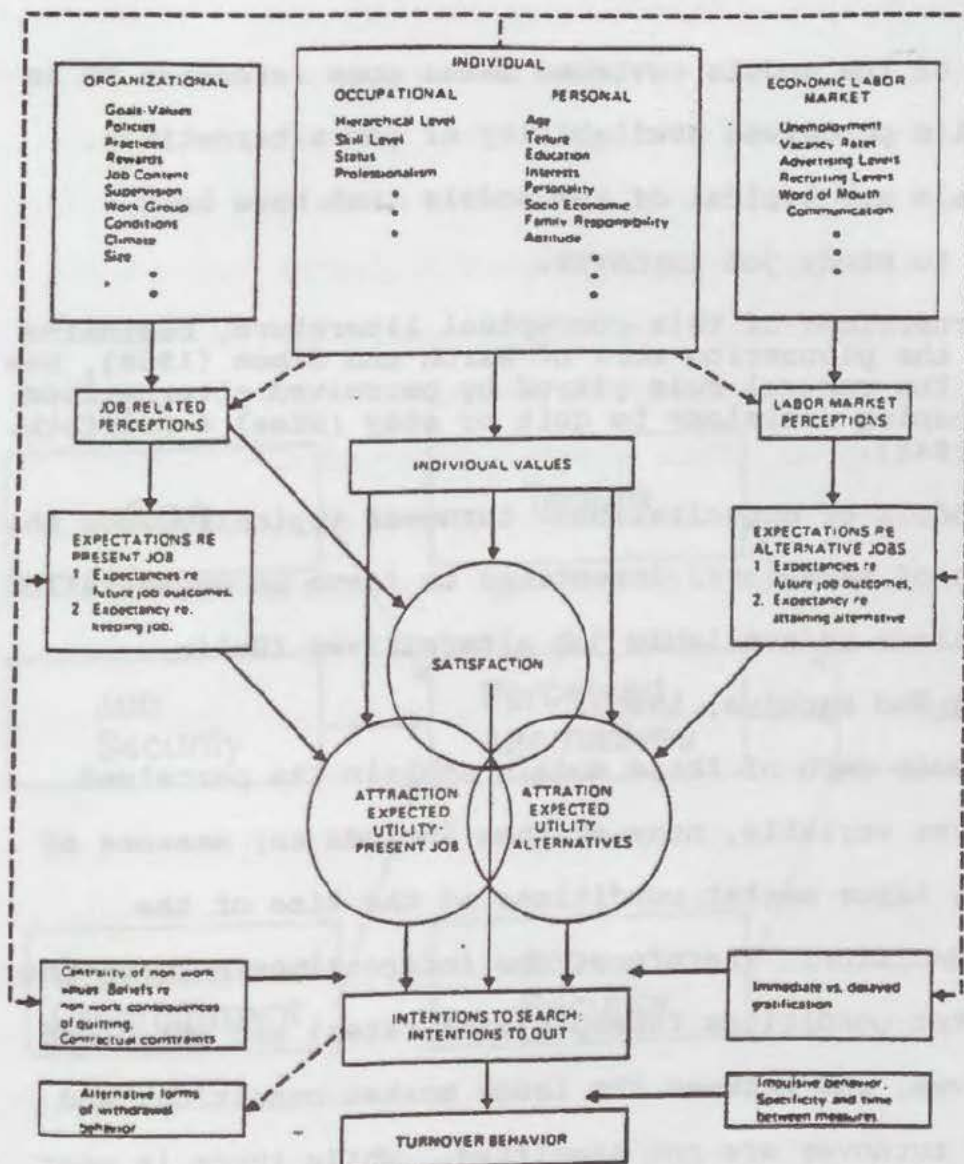


Figure 5 - Mobley's Expanded Employee Turnover Model, 1979.

Source: Mobley, W.H., R.W. Griffeth, H.H. Hand, and B.N. Meglino. "Review and Conceptual Analysis of the Employee Turnover Process", Psychological Bulletin, 86: 493-522 (1979).

position, will tend to search for alternatives. If alternative employment exists, he will be likely to opt for turnover.

Each of the models reviewed makes some reference to an individual's perceived availability of job alternatives. These models are typical of the models that have been developed to study job turnover.

A cornerstone of this conceptual literature, beginning with the pioneering work of March and Simon (1958), has been the central role played by perceived alternatives in shaping decisions to quit or stay (Steel & Griffeth, 1989:846).

Current models of organizational turnover typically show the dependence of behavioral intentions to leave an organization on perceptions of available job alternatives (Hulin, Roznowski, and Hachiya, 1985).

Although each of these models contain the perceived alternatives variable, none of them include any measure of the actual labor market conditions at the time of the turnover decision. Therefore, the interactions between the labor market conditions (unemployment rates) and perceived alternatives, and between the labor market conditions and voluntary turnover are not specified. While there is near unanimous agreement on the importance of perceived alternatives in the decision making process, there is little data to support this hypothesis. Arnold and Feldman carried out a multivariate analysis of the turnover process on a sample of 654 accountants (Figure 6)(Arnold and Feldman,

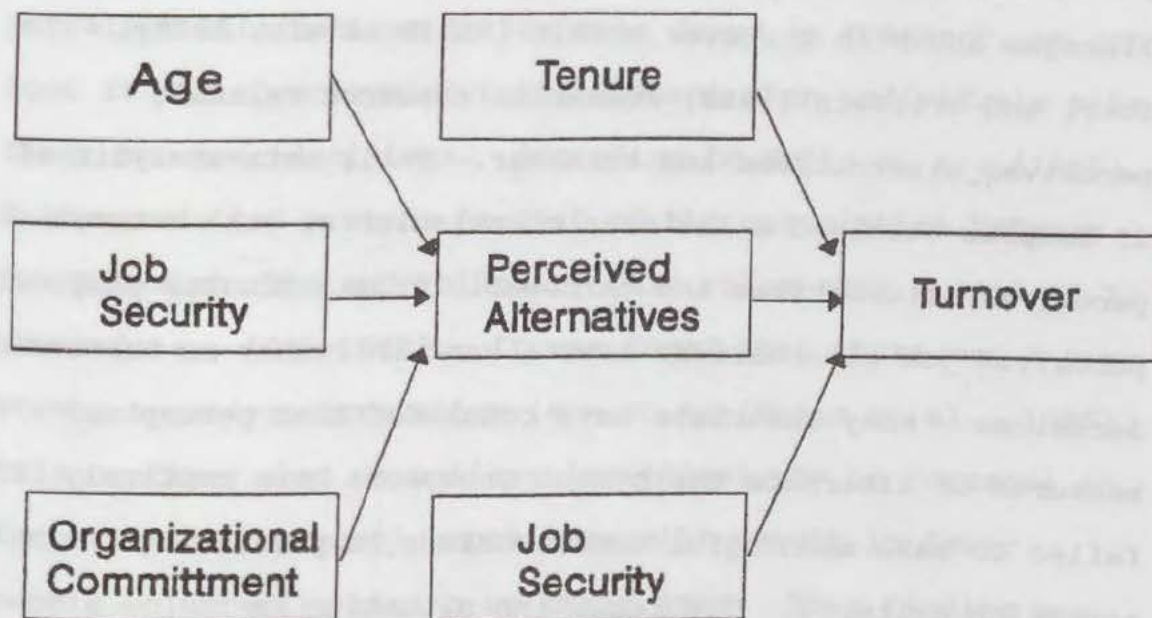


Figure 6 - Arnold and Feldman Turnover Model

Source: Arnold, H.J. and D.C. Feldman, "A Multivariate Analysis of the Determinants of Job Turnover", Journal of Applied Psychology, 67: 350-360 (1982).

1982). One of the variables tested was the perceived existence of alternate job positions. In their results, they found no support for the hypothesized interactions between intentions to quit and the perceived existence of alternatives.

In discussing the discrepancies between the theoretical turnover models and the accumulating empirical data, Hulin et al., pointed out that few of the studies on individual perceptions of job alternatives support the hypothesized linkages shown in turnover models (Hulin et al., 1985). Steel and Griffeth (1989) summarize research relating perceived alternatives and turnover. Their meta-analysis of 23 samples obtained a low mean correlation of 0.13 between perceived alternatives and turnover. This indicates that perceived job alternatives have a weak influence on turnover decisions. Many theorists have concluded that perceptual measures of alternate employment prospects have routinely failed to make meaningful contributions to predicting retention criteria. The resulting situation is summarized by Steel and Griffeth as follows:

Almost without fail, theorists have accorded a central role to perceived alternatives in turnover process models. Yet, research attempting to link these mechanisms to turnover decisions has met with limited success. On the surface, the empirical evidence appears to contradict our collective intuition (Steel and Griffeth, 1989:852).

Some researchers have questioned the validity of models that have the intention to leave as a function of perceived

alternatives. They suggest that even among employees with an intent to quit, the employees will voluntarily quit only after another job is found (Michaels and Spector, 1982). Hulin, Roznowski, and Hachiya (1985) concur with this position. "People quit on the basis of a certainty of an alternative job, not on the basis of a probability of a job estimated from local unemployment data" (Hulin, et al., 1985:246).

In attempting to tie the theoretical role accorded perceived alternatives to the role found in research, we can look at the unemployment rates present when individuals make their turnover decisions. According to Hulin et al. (1985), Eagly conducted a study in 1965 of the correlation between unemployment rate and voluntary quit rates over a span of 31 years (i.e., 1931-1962). It was found that there was a very strong negative correlation ($r = -0.84$) (Hulin et al., 1985). This confirms what we believe intuitively to be correct; an increase in the unemployment rate will result in fewer people voluntarily giving up their jobs. This finding was replicated by other studies conducted over different periods of time by different researchers (Hulin et al., 1985).

If turnover theory suggests that an individual's turnover decision ought to be based upon perceived alternatives, and evidence suggests that voluntary turnover is negatively correlated with the unemployment rate, it is

puzzling why turnover decisions have not proven to be more strongly correlated with perceived alternatives.

Some researchers have proposed explanations for this incongruity between the theoretical models and the empirical evidence. Michaels and Spector (1982) argue that the presence or absence of job alternatives will directly impact the decision at the point of action. This means that an individual will not base his turnover decision on whether he thinks job opportunities are available, but instead will make his decision to quit only after he has found a new job. If he cannot line up a new job, he will continue to work the old job indefinitely. They suggest that even among employees with an intent to quit, the employees will voluntarily quit only after another job is found (Michaels and Spector, 1982). This view has been embraced by other researchers as well. Hulin, Roznowski, and Hachiya (1985) concluded that "People quit on the basis of a certainty of an alternative job, not on the basis of a probability of a job estimated from local unemployment data" (Hulin, et al., 1985:246).

Hulin et al. (1985) offer other possible explanations for the lack of perceived alternatives-turnover congruity.

1. *Different economies produce different work forces* - This explanation is based on the assumption that drifters or casual workers who are in the labor force during times of economic expansion (many job opportunities, low

unemployment) drop out of the workforce in times of low economic activity to pursue other alternatives.

2. *Job opportunities influence job satisfaction* - This explanation is based upon the impact that a lack of job opportunities will have on the level of satisfaction derived from the individual's present job. For example, if an individual is making \$25,000 per year in his present position while other companies are offering up to \$40,000 for the same work, he/she will probably have low job satisfaction (all else being equal, of course). If, on the other hand, there is very high unemployment and he/she considers himself/herself lucky to even have a job, he/she will derive a much greater level of satisfaction from the job.

3. *Ecological fallacy* - Correlations derived from highly aggregated data such as that typifying turnover studies, are typically higher than correlations derived from the same data after disaggregation (Hulin et al., 1985).

While great significance has been accorded the role of perceived alternatives in theoretical turnover models, researchers have only found small correlations between perceived alternatives and turnover decisions (Gerhart, 1990). Research has shown, however, that a small correlation exists between unemployment rates and voluntary job turnover (Gerhart, 1990). In 1990, Gerhart developed a voluntary turnover model which included unemployment rates,

perceived alternatives, and variables for general ability and experience (Figure 1). This model allowed Gerhart to investigate possible correlations between unemployment rates and perceived alternatives, unemployment rates and voluntary turnover, and perceived alternatives and voluntary turnover. This research effort will be the testing of Gerhart's model to determine any correlations between the predictor variables.

Conclusion

This literature review has discussed the concept of job turnover, provided a historical review of the models which have been proposed, and discussed the role of perceived alternatives in the turnover decision making process. In this study, we will attempt to expand upon the body of knowledge that already exists on the turnover area, specifically that related to unemployment rates, perceived alternatives, and turnover.

According to Martin (1979), significant correlation exists between unemployment and job turnover. In addition, few studies have investigated the effects of unemployment rates on perceived alternatives-turnover relations. Therefore, it is the intent of this thesis to evaluate the relationship between actual home-of-record alternatives and perceived alternatives. We believe that we will find a significant positive correlation between home-of-record unemployment rates and perceived alternatives. We will also

III. Method

Steel and Griffeth (1989) state that homogenous sampling in perceived alternatives research leads to range restriction. This occurs because external demand is constant for all sampled from a particular occupation. To alleviate this problem the sample chosen for this study was stratified by occupation to reflect the extreme effects of job scarcity on retention rates. Table II includes a description of the occupational sample chosen. Historical retention statistics were provided by the Military Personnel Center for all enlisted occupations for CY 1983 (Table III). The assumption was that the retention statistics for a particular occupation reflect the scarcity or abundance of jobs available in the labor market. The extreme ends of the retention rate scale were used to maximize the effect of occupational demand on individual turnover decisions.

Sample

Census samples were drawn from the selected AFSCs with a criterion match of 503 cases per group. Surveys were then mailed to all 1006 individuals with 57 being returned as undeliverable. A total of 453 sealed responses were returned. The sample being used in this analysis will include a subset of those surveyed in 1984. The sample consists of 329 enlisted members representing a cross-section of 20 Air Force Specialty Codes (AFSC) from both

Table II
1984 Census Population Description

<u>AFSC</u>	<u>DESCRIPTION</u>
113X0	Apr Flight Engineer Specialist
242X0	Apr Disaster Preparedness Spec
302X1	Apr Abn MET/ARE Specialist
341X4	Apr Flight Simulator Specialist
392X0	Apr Maintenance Sched Spec
552X4	Apr Protective Coating Spec
591X0	Apr Seaman
611X0	Apr Service Specialist
622X0	Apr Food Service Specialist
732X4	Career Advisory Specialist
733X1	Manpower Management Specialist
734X0	Social Action Specialist
751X2	Training Specialist
751X3	Instructional Systems Specialist
753X1	Gunsmith Helper
903X1	Nuclear Medicine Specialist
925X0	Apr Cytotechnology
99500	Recruiter
99501	Research and Development Technician
99054	LGM-30 facility Manager

Note: Figures provided by AFMPC/RMS

Source: Flores, 1st Lt, Leona A., An Investigation of the Process by which Air Force Enlisted Personnel View and Evaluate their Perceived Availability of Job Alternatives. MS Thesis, GSM-LSY 84S-11, School of Systems and Logistics, Air Force Institute of Technology (AU), Wright-Patterson AFB, OH. 1984 (ADA147563).

Table III
1984 Census Population Retention Statistics

<u>AFSC</u>	<u>DESCRIPTION</u>	<u>RETENTION</u>	<u>RATE</u>
113X0	Apr Flight Engineer Specialist	141/169	83.4%
242X0	Apr Disaster Preparedness Spec	37/43	86.0%
302X1	Apr Abn MET/ARE Specialist	1/4	25.0%
341X4	Apr Flight Simulator Specialist	31/122	25.4%
392X0	Apr Maintenance Sched Spec	105/127	82.7%
552X4	Apr Protective Coating Spec	22/90	24.4%
591X0	Apr Seaman	2/2	100.0%
611X)	Apr Service Specialist	40/46	87.0%
622X0	Apr Food Service Specialist	199/754	26.4%
732X4	Career Advisory Specialist	14/16	87.5%
733X1	Manpower Management Specialist	81/97	83.5%
734X0	Social Action Specialist	47/54	87.0%
751X2	Training Specialist	251/268	93.7%
751X3	Instructional Systems Specialist	12/14	85.7%
753X1	Gunsmith Helper	1/1	100.0%
903X1	Nuclear Medicine Specialist	1/5	20.0%
925X0	Apr Cytotechnology	2/2	100.0%
99500	Recruiter	24/26	92.3%
99501	Research and Development Technician	9/41	22.0%
99054	LGM-30 facility Manager	3/3	100.0%

Note: Figures provided by AFMPC/RMS

Source: Flores, 1st Lt, Leona A., An Investigation of the Process by which Air Force Enlisted Personnel View and Evaluate their Perceived Availability of Job Alternatives. MS Thesis, GSM-LSY 84S-11, School of Systems and Logistics, Air Force Institute of Technology (AU), Wright-Patterson AFB, OH. 1984 (ADA147563).

high and low attrition pools who were also within one year of a reenlistment decision. Background data on these individuals were collected from the Personnel Data System. The enlisted members who are not in the new sample can be attributed to manual tracking of social security numbers, possible transcription errors and/or incomplete data in the Personnel Data System. These 329 enlisted members were surveyed immediately prior to their reenlistment decision. Therefore, they were all in the process of having to make a turnover decision.

Data Requirements

To test the four hypotheses, data were gathered from three main sources. Primary data on perceived alternatives was collected via a 1984 survey which measured a member's perceptions in five areas: demographic items, intent to search and intent to remain, external economic conditions, availability of alternative jobs, and explanatory variables moderating the link between perceptions and behavioral intentions. This data will be used to test Hypothesis 1 dealing with the correlation between perceived alternatives and cognitive ability. The second hypothesis will be tested through stepwise regression and by running correlation tests of all of the possible predictor variables. Actual turnover statistics were taken from an individual's personnel record. Historical data from the Statistical Abstract of the United States (1984) will be used to test the first and third

hypotheses on the correlations between perceived alternatives and the actual turnover decision. Tenure data needed to test the fourth hypothesis will be taken from the 1984 survey.

Instrument

Primary data for the population was gathered via a 1984 survey administered by 1st Lieutenant Leona Flores (Flores, 1984). The survey measured the following four main areas: demographic items, external economic conditions, behavioral intentions, availability of alternative jobs, and explanatory variables.

Operational Definitions

Tenure. This survey item measured the amount of time the individual had invested in the Air Force at the time of the survey. The question asked: How much time have you spent on active duty in the military? Responses were: 1) Less than two years; 2) Two years but less than four years; 3) Four but less than six years; 4) Six but less than eight years; 5) Eight but less than ten years; 6) Ten but less than twelve years; 7) Twelve years or more.

Unemployment Statistics. It is our assumption that upon separation from the service most military members will utilize their entitlement to be relocated to their home of record. Consequently, each member's home of record was gathered from PDS and translated into home state. The

Statistical Abstract of the United States was then used to translate this into a local unemployment rate. The year used for the unemployment statistics was 1984 because this was the same year in which the perceptual data were collected.

Cognitive Ability. This item was hypothesized by Gerhart (1990) to have a direct impact on perceived ease of movement. The measure used in this analysis is Air Force Quotient Test percentile ranking (AFQT). This is a relative percentile ranking which rates enlisted members according to their ability on general administrative and mechanical skills.

Perceived Alternatives. This item has been operationalized in two different ways, ease of movement and number of alternatives. These two items will be analyzed separately and a comparison of the results will be performed. Ease of movement was measured by the item, "If you left the Air Force tomorrow, how easy would it be for you to get another job?" Responses were measured on a 1 to 5 scale of very difficult to very easy. Number of alternatives were measured with the question, "If you were to enter the civilian job market, from how many organizations do you believe you would receive job offers?" Responses were measured on a 1 (none) to 7 (over ten) scale.

Intention to Stay. Mobley (1977) postulated that intent to remain/quit can be a good predictor of behavior

and thus may be a useful surrogate measure preceding the turnover act. Therefore, intent to stay was measured by the question: Which of the following best tells how you feel about a career in the Air Force? Responses were: 1) I definitely intend to remain in the Air Force; 2) I probably will remain in the Air Force; 3) I have not decided whether or not I will remain in the Air Force; 4) I probably will not remain in the Air Force; 5) I definitely intend to separate from the Air Force. This variable will be used as a precursor of the actual turnover decision.

A complete copy of the survey instrument is included in Appendix A.

Issues

Sampling. The sample chosen for this research effort consists of enlisted members from high and low attrition AFSCs. The reason for this is to maximize the effect of occupational demand on individual turnover decisions. This is the advantage. However, it presumes a steady-state of the economy. Unusually high periods of growth or recession would invalidate this method. Since the time period of concern (1984) was a relatively stable period in the United States' economy (moderate growth, low inflation) this methodology is considered appropriate. Another problem with nonprobabilistic sampling is the increased risk of bias in the sample. Since this was a census sample, bias was minimized.

Analysis

Data analysis will involve two different techniques. Stepwise regression will be used to determine the influence that the independent variables have on the dependent variables for Hypothesis 1. Hypothesis 2 would be tested both with stepwise regression and Pearson Correlation Coefficients. A stepwise regression will be used to develop a prediction of the turnover decision. This regression will tell us if intent to stay is a predictor of turnover. Testing Pearson Correlation Coefficients for all variables will yield any relationship between perceived alternatives and intention to stay. Pearson correlation coefficients will also expose the relationships, if any, between the variables to test Hypotheses 3 and 4.

IV. Results

The purpose of this chapter is to provide the results of the statistical analyses performed which address the hypotheses presented in Chapter I. Table IV contains descriptive statistics for the total sample.

Test of Hypothesis 1

Hypothesis 1 stated that we would test Gerhart's hypothesis that unemployment rates and cognitive ability (AFQT Test score) are significant predictors of perceived alternatives (ease of movement). The results of the stepwise regression (Table V) show that the cognitive ability predictor was the only significant predictor of perceived alternatives ($R^2=.032$, $p<.001$). Gerhart found unemployment rates to be significantly correlated with perceived ease of movement ($r=-0.16$, $p<.05$), however our analysis revealed unemployment rates were nonsignificant in this model ($R^2=.001$, ns). This finding indicates a lack of support for Gerhart's hypothesis that local unemployment statistics are significant predictors of perceived alternatives.

Test of Hypothesis 2

Gerhart hypothesized that perceived alternatives would be correlated with a member's intention to stay which would then be correlated with his/her turnover decision. We found support for this hypothesis in the results presented in

Table VI. As hypothesized, intention to stay and perceived alternatives were significant predictors of the turnover decision (intention to stay, $R^2 = .44$, $p < .01$; perceived alternatives, $R^2 = .15$, $p < .05$). All other variables introduced to enhance the model's predicting ability were discarded in the stepwise manner according to the criteria.

Table IV
Descriptive Statistics for the Total Sample

Variable	Mean	Std Dev	N
1. Turnover decision	.58	.49	329
2. Ease of Movement	2.38	1.09	329
3. Unemployment Rate	7.38	1.71	329
4. Tenure	2.63	.61	329
5. AFQT Test Score	61.18	19.48	329
6. Intention to Stay	3.17	1.36	329

...the intention to stay or prevalence of turnover, this analysis revealed that unemployment rate had a significant influence on an individual's decision to turnover.

Test of Hypothesis 2

Hypothesis 2 stated that an overall attempt to determine if a correlation exists between unemployment rates and the annual turnover decision. These results are presented in Table VII. The results of these correlations produced some surprising results. As noted, perceived ease of movement to be significantly correlated with turnover ($r = .11$, $p < .05$).

IV. Results

The purpose of this chapter is to provide the results of the statistical analyses performed which address the hypotheses presented in Chapter I. Table IV contains descriptive statistics for the total sample.

Descriptive Statistics for the Total Sample
 Table IV

Table V

Results of Stepwise Regression Analysis for the Predictors of Perceived Alternatives

Predictor	F to Enter	Multiple R	R ² Change
Cognitive Ability	11.05	.032	.032*
Unemployment rate	.52	.033	.001

*p<.001

Test of Hypothesis 1

Gehart hypothesized that perceived alternatives would be correlated with a person's intention to stay which would then be correlated with his/her turnover decision. We found support for this hypothesis as the results presented in

Table VI. As hypothesized, intention to stay and perceived alternatives were significant predictors of the turnover decision (Intent to stay, $R^2=.44$, $p<.01$; perceived alternatives, $R^2 =.45$, $p<.05$). All other variables introduced to enhance the model's predicting ability were discarded in the stepwise regression. Pearson correlation coefficients were calculated for all variables used in this study. The Pearson correlation coefficient (r) is used to measure the strength of the relationship between the variables. This coefficient squared (r^2) measures the variance in one variable which can be explained by another variable. In testing Gerhart's hypothesis that perceived alternatives was a predictor of intention to stay, we found a correlation of $r = -0.36$ ($p<.05$) (Table VII).

Although we did find support for perceived alternatives and intention to stay as predictors of turnover, this analysis concluded that unemployment statistics had no significant influence on an individual's decision to turnover.

Test of Hypothesis 3

Hypothesis 3 stated that we would attempt to determine if a correlation exists between unemployment rates and the actual turnover decision. These results are presented in Table VII. The results of these correlations produced some surprising results. We found perceived ease of movement to be significantly correlated with turnover ($r=.31$, $p<.01$).

Table VI. As hypothesized, intention to stay and perceived alternatives were significant predictors of the turnover decision (Intent to stay, $R^2=.44$, $p<.01$) perceived alternatives, $R^2=.42$, $p<.05$). All other variables introduced to enhance the model's predicting ability were discarded in the stepwise regression. Pearson correlation coefficients were calculated for all variables used in this study. The Pearson correlation coefficient (r) is used to measure the strength of the relationship between the variables. This coefficient squared (r^2) measures the variance explained by the predictor variable. The coefficient squared (r^2) measures the variance explained by the predictor variable. The coefficient squared (r^2) measures the variance explained by the predictor variable.

Table VI
 Results of Stepwise Regression Analysis
 for the Predictors of Turnover

Predictor	F to Enter	Multiple R	R ² Change
Intention to stay	208.86	.438	.438*
Perceived alternatives	3.18	.445	.007**
Tenure	1.56	.445	.000
Unemployment rate	.19	.448	.003
AFQT	.78	.449	.001

* $p<.01$
 ** $p<.05$

Pearson Correlation Coefficients

	Turnover	Perceived Alternatives	Unemployment Rates	Tenure	Cognitive Ability	Intent to Stay
Turnover	1.00					
Perceived Alternatives	0.31**	1.00				
Unemployment Rate	-0.01	0.03	1.00			
Tenure	0.03	-0.02	-0.12*	1.0		
Cognitive Ability	-0.04	-0.18**	0.04	0.06	1.0	
Intent to Stay	-0.66**	-0.36**	-0.03	0.03	-0.01	1.0

** P < .05
* P < .10

Table VII.

Table VII

However unemployment rates did not correlate with any of the variables in this study. Therefore, Gerhart's hypothesis that unemployment rate is correlated with turnover was not supported. Other significant correlations can be found in Table VIII.

Test of Hypothesis 4

Hypothesis 4 stated that tenure would be correlated with intention to stay and voluntary turnover. Gerhart found support for this claim in his model. Our analysis, however, failed to reveal any significant correlation.

Table VI
Results of Stepwise Regression Analysis
for the Predictors of Turnover

Predictor	F to Enter	F to Remove	Multiple R	Adjusted R ²
Intention to stay	102.88		.438	.428*
Perceived alternatives	1.18		.442	.0074*
Tenure	1.22		.443	.000
Unemployment rate	1.22		.443	.000
APQT		1.03	.443	.001

*p < .01
**p < .05

V. Discussion and Recommendations

A study of previously proposed and tested turnover models has led us to our attempt to validate Gerhart's 1991 turnover model. It was our intention, through the use of this model (Figure 1), to gain a deeper understanding of some of the factors that lead to an individual's turnover decision. The purpose of this study was to test the following four hypothesis:

1. Unemployment rate and cognitive ability will significantly affect an individual's perceived alternatives.
2. Perceived alternatives will be correlated with a member's intention to stay, which will then be correlated with his/her turnover decision.
3. The home-of-record unemployment rate will be correlated with turnover decisions.
4. Tenure will be correlated with both intention to stay and voluntary turnover.

Strong support for the utility of this model could lead to further research efforts using it as a baseline.

Analysis of Gerhart's Model

The results of this study did not show strong or consistent support for Gerhart's model. Unemployment rate was not a significant predictor in the stepwise regression conducted to test Hypothesis 1. Limited support for

Hypothesis 2 was found in that intention to stay was a significant predictor of turnover, while no value was found in the perceived alternatives/intention to stay relationship. Hypothesis 3 was also not supported, as there was no correlation between home-of-record unemployment rates and the turnover decision. This was to be expected when the results from the test for hypothesis 1 were considered. If the unemployment rates were not influencing the individuals perceived alternatives, the rate could not affect the turnover decision. Hypothesis 4 was not supported as tenure was not correlated with either intention to stay or voluntary turnover.

Comparison of Present Findings to Previous Research

Unlike some previous studies, this study did not find a significant correlation between unemployment rate and voluntary turnover. Gerhart, for example, found that voluntary turnover was influenced by both unemployment rate and perceived ease of movement (Gerhart, 1990). In addition, Gerhart's study showed that there was a direct relation between unemployment rate and voluntary turnover, rather than a relation mediated by perceived alternatives. This study did, however, show a direct correlation ($r=-0.36$) between perceived alternatives and the intention to stay, as well as a strong correlation between intent to stay and voluntary turnover ($r=-0.66$). A correlation of $r=.31$ was found between perceived alternatives and voluntary turnover.

This is consistent with the findings of Steel and Griffeth in their meta-analysis.

Significant Variables

It was found that the home-of-record unemployment rate was a poor predictor of perceived alternatives. In fact, the only variable found to help predict perceived alternatives was cognitive ability ($r=-0.18$). Perceived alternatives proved to be the best predictor of intention to stay. The number of dependents was also shown to be a good predictor of intention to stay. Voluntary turnover could be predicted by both perceived alternatives and intention to stay.

Recommendations for Future Research

Based upon the results of this study, the following recommendations for future research are made:

1. Unemployment rate at area of residence should be used above home-of-record, as home-of-record unemployment rate did not prove to be a good predictor variable.
2. Conduct studies to determine proportion of individuals voluntarily turning over who had found a new position prior to leaving the Air Force.
3. Conduct studies on groups with careers established in areas consistent with civilian career fields such as pilots, computer programmers, etc.

Design Limitations

The limitations of this research detract from the utility of the results. The survey used in this study was limited to enlisted Air Force personnel, so the results are not necessarily valid for research related to other groups of individuals. Also, numerous problems were encountered with collecting the actual turnover data from Military Personnel Command. Of the 453 responses to the survey, actual turnover data could only be found for 329 of the individuals. Some of the losses were due to incomplete or conflicting data from AFMPC, but most of the missing data was the result of data tapes that were lost at AFMPC.

It is important to note that the sample group used (i.e. Air Force enlisted personnel) would differ significantly in many respects from a civilian population sample. For example, the mean tenure score was 2.63, which equates to between 3 and 4 years of tenure. Considering enlistees generally enter the military right out of high school, the average age of the respondents was approximately 22-23 years old. This age group was probably not representative of the age group that Gerhart's model was designed to test. In addition, Gerhart's model may not be suitable to our sample since it was designed for the civilian sector.

The survey itself is suspect. The author of the survey concedes that it "... is tainted with measurement problems.

The reliability and validity ... is unknown, and could not be estimated" (Flores, 84:68).

Appendix A
Survey Questionnaire

001. What was your age on your last birthday?

1. Less than 25
2. 25-26
3. 27-28
4. 29-30
5. 31-32
6. Over 34

002. What is your current rank?

1. Airman Basic or Airman
2. Airman First Class
3. Senior Airman or Buck Sergeant
4. Staff Sergeant
5. Technical Sergeant
6. Master Sergeant
7. Senior or Chief Master Sergeant

Questions 003 through 005 involve identifying your current AFSC. Please read through the answers on questions 003, 004 and 005 and mark the appropriate question number.

003. 1. 113X0
2. 242X0
3. 302X1
4. 341X4
5. 392X0
6. 552X4
7. 591X0

004. 1. 611X0
2. 622X0
3. 732X4
4. 733X1
5. 734X0
6. 751X2
7. 751X3

005. 1. 753X1
2. 903X1
3. 925X0
4. 99500
5. 99501
6. 99504

006. What is your skill level?

1. 1
2. 3
3. 5
4. 7
5. 9
6. 0
7. Other

007. How much time have you spent on active duty in the military?

1. Less than two years
2. Two but less than four years
3. Four but less than six years
4. Eight but less than ten years
5. Ten but less than twelve
6. Twelve years or more

008. How do you think that total package of military pay, allowances, and benefits compares with pay and benefits for civilian employment for similar work?

1. Military pay and benefits far exceed that of civilian employment.
2. Military compensation and benefits slightly exceed that of civilian employment.
3. Military compensation and benefits are about equal to that of civilian employment.
4. Civilian compensation and benefits slightly exceed that of military compensation and benefits.
5. Civilian compensation and benefits far exceed that of military compensation and benefits.

009. If you left the Air Force tomorrow, how easy would it be for you to get another job?

1. Very easy
2. Somewhat easy
3. Neither easy nor difficult
4. Somewhat difficult
5. Very difficult

010. Which of the following best tells how you feel about a career in the Air Force?
1. I definitely intend to remain with the Air Force.
 2. I probably will remain with the Air Force.
 3. I have not decided whether I will remain with the Air Force.
 4. I probably will not remain with the Air Force.
 5. I definitely intend to separate from the Air Force.
011. Compared to other career fields, what do you feel is the current demand for your occupation in civilian employment?
1. Very good demand
 2. Good demand
 3. Average demand
 4. Poor demand
 5. Very poor demand
 6. No demand
012. How competitive do you feel you would be on the open job market? Evaluate your qualifications as they would compare with those of other candidates competing for civilian jobs in your field.
1. I would be highly competitive.
 2. I would be moderately competitive.
 3. I would be somewhat competitive.
 4. I would be at a competitive disadvantage.
 5. I would be at a severe competitive disadvantage.
013. If you were to enter the civilian job market, how many organizations do you believe you would receive job offers from?
1. None
 2. One or two
 3. Three or four
 4. Five or six
 5. Seven or eight
 6. Nine or ten
 7. Over ten
014. Do you feel your sense of accomplishment would be higher in civilian employment?
1. Yes
 2. No

015. What is your impression of the impact of today's general economic conditions in relation to job hunting for your career specialty?

1. Occupational demand for my specialty is insensitive to economic conditions.
2. Occupational demand for my specialty is somewhat sensitive to economic conditions. Job opportunities would not be plentiful, but I could still find the job I wanted in unfavorable economic conditions.
3. I don't know what job hunting would be like in unfavorable economic conditions.
4. Occupational demand for my specialty is sensitive to economic conditions. It would be difficult for me to find the job I wanted in unfavorable economic conditions.
5. Occupational demand for my specialty is very sensitive to economic conditions. I doubt I could find the job I wanted in unfavorable economic conditions.

016. Within the past year, how many job offers or "feelers" (i.e. possible job opportunities) from the civilian job market have you received?

1. None
2. One or two
3. Three or four
4. Five or six
5. Seven or eight
6. Nine or ten
7. Over ten

017. When do you plan to leave the military?

1. I plan to leave the service immediately after my initial commitment.
2. I plan to leave the service after one reenlistment.
3. I plan to make the Air Force a career.

018. How easy would it be for you to get a job in a location where you would prefer to work?

1. Very easy
2. Somewhat easy
3. Neither easy or difficult
4. Somewhat difficult
5. Very difficult

019. When it comes to making important decisions, are you likely to be:

1. Highly impulsive in deciding to do what "strikes your fancy"
2. Somewhat impulsive in deciding to do what "strikes your fancy"
3. Somewhat knowledgeable of alternatives before deciding
4. Highly knowledgeable of alternatives before deciding

020. How often would you say that you look at advertising in trade or professional journals, magazines, newspapers, etc., to find a civilian job in your current career field?

1. I have never looked at advertisements for civilian jobs that are comparable to my current AFSC.
2. I almost never look at advertisements for civilian jobs that are comparable to my current AFSC.
3. I often look at advertisements for civilian jobs that are comparable to my current AFSC.
4. I do not look very often at advertisements for civilian jobs that are comparable to my current AFSC.
5. I do look very often at advertisements for civilian jobs that are comparable to my current AFSC.
6. I almost always look at advertisements for civilian jobs that are comparable to my current AFSC.
7. I always look at advertisements for civilian jobs that are comparable to my current AFSC.

For questions 021-023, use the following scale to indicate how much you agree or disagree with each statement. Mark:

1. - if you strongly disagree
2. - if you disagree
3. - if you slightly disagree
4. - if you neither agree or disagree
5. - if you slightly agree
6. - if you agree
7. - if you strongly agree

021. Opportunities such as cross-training into another AFSC or short-term career-broadening assignments are better alternatives than leaving the Air Force.

022. Family and/or friends openly encourage me to pursue a career in the Air Force.

023. Associations and work relationships with contractors contribute to my awareness of civilian job opportunities.

024. Do you intend to look for civilian employment during,
the coming year?

1. Very unlikely
2. Somewhat unlikely
3. Don't know
4. Somewhat likely
5. Very likely

THANK YOU FOR YOUR ASSISTANCE

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